

TOOELE CITY CORPORATION

**Financial Statements
and
Independent Auditors' Report
with Supplemental Information**

June 30, 2005

TOOELE CITY CORPORATION

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the City Council
Tooele City Corporation:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of **Tooele City Corporation (City)**, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City Corporation, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and major special revenue fund thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2006 on our consideration of Tooele City Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 2-9 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Tooele City Corporation's basic financial statements. The accompanying schedule of expenditures of federal awards, as listed in the table of contents, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Haynie & Co

Salt Lake City, Utah
February 9, 2006

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Management's Discussion and Analysis

This discussion of Tooele City's financial performance provides an overview of the City's financial activities for the year ending June 30, 2005. This report is in conjunction with the City's financial statements.

Financial Highlights

- ◆ The assets of Tooele City exceeded its liabilities as of the close of the most recent year by \$155,656,935 (*net assets*). Of this amount, \$24,439,363 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ◆ The government's total net assets increased by \$5,204,853. The general fund revenues were less than the adopted budgeted amounts, and the expenditures were less than the adopted budgeted amounts.
- ◆ At the close of the current year, the Tooele City governmental funds reported combined ending fund balances of \$19,348,690, a decrease of \$868,169 in comparison with the prior year. Approximately 7 percent of this total amount, \$1,424,468, is available for spending at the government's discretion (*unreserved fund balance*).
- ◆ At the end of the current year, unreserved fund balance for the general fund was \$1,424,468, or 11 percent of total general fund expenditures.
- ◆ Tooele City's total debt decreased by \$1,486,463 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Tooele City's basic financial statements. Tooele City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Tooele City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of Tooele City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Tooele City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Refer to the table of contents for the location of the government-wide financial statements.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Tooele City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Tooele City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Tooele City maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, lunch service, and capital projects fund, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

Tooele City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison statements have been provided for the general fund and major special revenue funds to demonstrate compliance with those budgets.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary funds

Tooele City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Tooele City uses enterprise funds to account for its Water Utility, Sewer Utility, Solid Waste Utility, and Storm Water Utility.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Tooele City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Refer to the table of contents for the location of the basic fiduciary fund financial statements.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Tooele City.

The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the required supplementary information.

Government-wide financial analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tooele City, assets exceeded liabilities by \$155,656,935 at the close of the most recent fiscal year.

By far, the largest portion of Tooele City's net assets (72 percent) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, infrastructure, water stock, and utility plants and equipment), less any related debt used to acquire those assets that is still outstanding. Tooele City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although Tooele City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Tooele City's Net Assets

	Governmental Activities		Business-Type Activities	
	2005	2004	2005	2004
Current and other assets	\$ 20,692,316	\$ 20,922,836	\$ 8,905,949	\$ 8,012,063
Capital assets	107,566,840	104,592,442	55,561,570	54,514,173
Total assets	128,259,156	125,515,278	64,467,519	62,526,236
Long-term liabilities outstanding	15,023,921	15,653,473	17,311,903	18,069,521
Other liabilities	2,847,792	2,312,626	1,886,124	1,631,323
Total liabilities	17,871,713	17,966,099	19,198,027	19,700,844
Net Assets:				
Invested in capital assets, net of related debt	91,038,753	87,332,321	20,500,833	20,492,033
Restricted	18,160,743	17,799,995	1,753,764	1,116,797
Unrestricted - designated	(236,521)	46,377	-	-
Unrestricted - undesignated	1,424,468	2,370,486	23,014,895	21,294,073
Total net assets	\$110,387,443	\$107,549,179	\$ 45,269,492	\$ 42,902,903

A portion of Tooele City's net assets (13 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, \$24,439,363, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, Tooele City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities. The same situation held true for the prior year.

Governmental activities

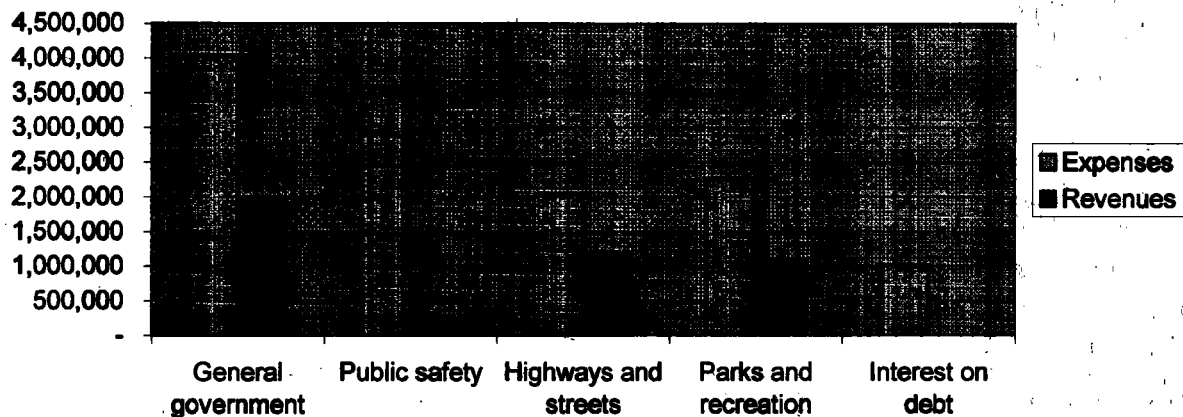
Governmental activities increased Tooele City's net assets by \$2,838,264. Key elements of this increase are as follows:

Tooele City's Changes in Net Assets

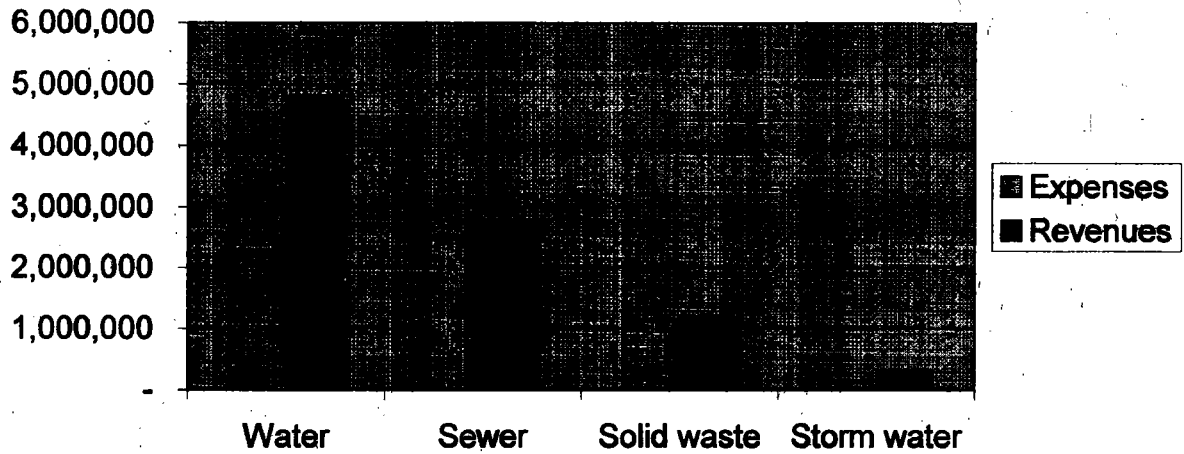
	Governmental Activities		Business-Type Activities	
	2005	2004	2005	2004
Revenues:				
Program revenues:				
Charges for services	\$ 2,300,407	\$ 2,157,943	\$ 7,112,873	\$ 6,853,637
Operating grants and contributions	470,170	371,966	821,000	4,544
Capital grants and contributions	1,751,542	2,174,392	1,150,392	1,331,006
General revenues:				
Property taxes	8,753,862	8,037,418	-	-
Earnings on investments	966,370	874,761	85,363	43,751
Gain on sale of capital assets	33,160	9,183	25,000	-
Miscellaneous	1,360,949	1,336,965	64,007	24,149
Total revenues	\$ 15,636,460	\$ 14,962,628	\$ 9,258,635	\$ 8,257,087

Expenses:				
General government	\$ 4,048,505	\$ 3,626,772	\$ -	\$ -
Public safety	3,589,758	3,100,202	-	-
Highways and streets	2,040,012	1,306,397	-	-
Parks and recreation	2,267,002	2,907,300	-	-
Capital outlay	1	1,008,533	-	-
Interest on debt	1,013,514	1,043,164	-	-
Water	-	-	2,974,769	3,049,126
Sewer	-	-	2,530,337	2,602,225
Solid waste	-	-	1,135,637	1,091,358
Storm water	-	-	147,653	-
Total expenses	12,958,793	12,992,368	6,788,396	6,742,709
Transfers	160,597	174,420	(103,650)	-
Contributed net assets	-	-	-	74,526
Increase (decrease) in net assets	2,838,264	2,144,680	2,366,589	1,588,904
Net assets - beginning	107,549,179	105,404,499	42,902,903	41,313,999
Net assets - ending	<u>\$110,387,443</u>	<u>\$107,549,179</u>	<u>\$ 45,269,492</u>	<u>\$ 42,902,903</u>

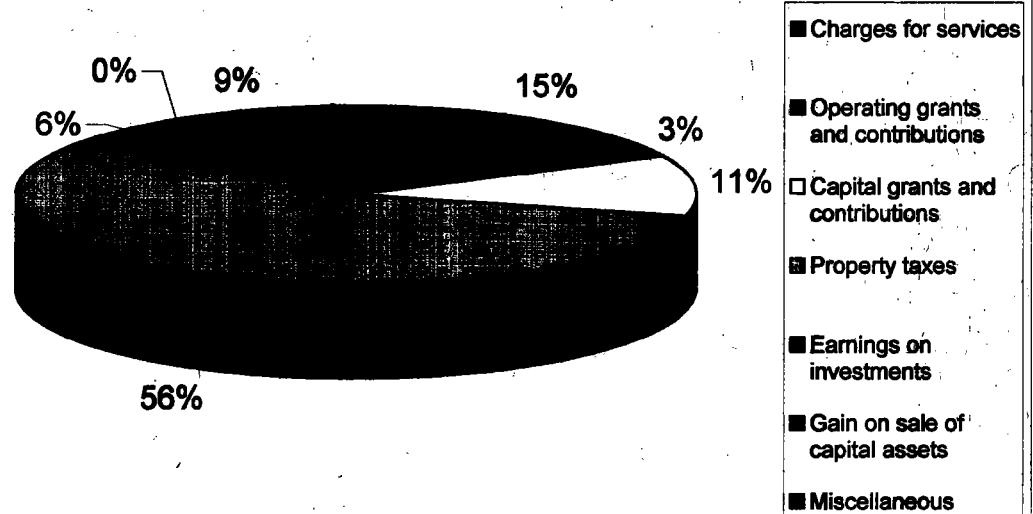
Expenses and Program Revenues - Governmental Activities

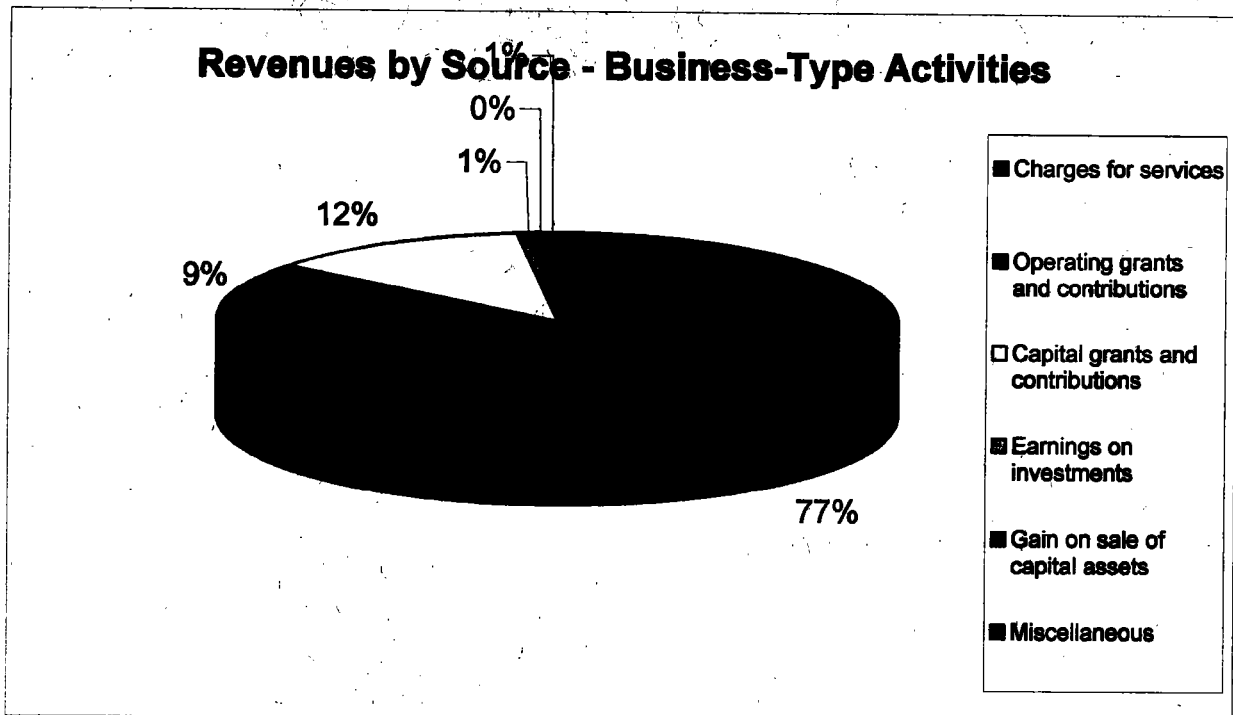


Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Governmental Activities





- ◆ Charges for services increased by \$401,700 due mainly to utility sales.
- ◆ Operating grants increased by \$914,660.
- ◆ Capital grants decreased by \$603,464 due mainly to a decrease in water line grant funding and road funding.
- ◆ Property taxes increased by \$716,444 due to an increase in assessing and collecting of property taxes.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services, other than there were fewer road projects this year.

Financial Analysis of the Government's Funds

As noted earlier, Tooele City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of Tooele City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Tooele City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, Tooele City's governmental funds reported combined ending fund balances of \$19,348,690, a decrease of \$868,169 in comparison with the prior year. Approximately 7 percent of this amount, \$1,424,468, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to depot RDA, \$14,788,315, 2) to debt service, \$2,536,477, 3) to other capital project purposes, \$835,951, and 4) to unrestricted - designated, (\$236,521).

The general fund is the chief operating fund of Tooele City. At the end of the current year, unreserved fund balance of the general fund was \$1,424,468, while total fund balance reached \$3,960,945. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11 percent of total general fund expenditures, while total fund balance represents 30 percent of that same amount.

General Fund Budgetary Highlights

The main differences between the original budget and the final amended budget can be briefly summarized as follows:

- ◆ \$434,771 increase in taxes revenue, \$255,096 increase in intergovernmental revenues, and a \$10,000 decrease in miscellaneous revenues, for a total increase of \$679,867.
- ◆ \$204,240 increase in general government expenditures, \$109,401 increase in public safety, \$13,001 increase in highways and streets, \$237,963 increase in parks and recreation, and a \$13,000 decrease in capital outlay, for a total increase of \$551,605.

During the year, actual revenues were more than budgeted revenues by \$586,119, and actual expenditures were less than budgeted expenditures by \$667,328, resulting in a positive net budget variance in the change in fund balance of \$1,297,605, after budget differences for interfund transfers in/(out) of \$209,351 and (\$32,754), respectively, and \$33,160 in proceeds on sale of assets.

Capital Asset and Debt Administration

Capital assets

Tooele City's investment in capital assets for its governmental activities, as of June 30, 2005, amounts to \$91,038,753 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, automobiles and trucks, office furniture and equipment, and infrastructure (roads, rights-of-way, curb and gutter, sidewalks, underpasses, storm drains, and street lights). The total increase in Tooele City's investment in capital assets for the current year was \$3,715,232.

Major capital asset events during the current year included the following:

- ◆ Land additions of \$448,712.
- ◆ Building additions of \$104,414.
- ◆ Improvements other than buildings additions of \$972,461.
- ◆ Machinery and equipment additions of \$431,963.
- ◆ Automobile and truck purchases of \$495,759, and deletions of \$124,085.
- ◆ Office furniture and equipment additions of \$94,740.
- ◆ Infrastructure additions of \$1,579,308.
- ◆ Utility plants and equipment purchases of \$2,908,181, and deletions of \$110,798.

Tooele City's Capital Assets
(net of depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	2005	2004	2005	2004
Land	\$ 2,779,785	\$ 2,331,073	\$ -	\$ -
Buildings	13,442,842	13,742,075	-	-
Improvements other than buildings	4,683,639	3,886,645	-	-
Machinery and equipment	747,014	560,962	-	-
Automobiles and trucks	1,698,815	1,462,057	-	-
Office furniture and equipment	102,147	76,340	-	-
Infrastructure	84,112,598	82,533,290	-	-
Water stock	-	-	93,184	93,184
Utility plants and equipment	-	-	55,468,386	54,420,989
Total	<u>\$107,566,840</u>	<u>\$104,592,442</u>	<u>\$ 55,561,570</u>	<u>\$ 54,514,173</u>

Additional information on Tooele City's capital assets can be found in the notes to the financial statements.

Long-term debt

At the end of the current year, Tooele City had total debt outstanding of \$33,987,607. The debt represents general obligation bonds, revenue bonds, notes payable, and leases payable.

Tooele City's Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	2005	2004	2005	2004
General obligation bonds payable	\$ -	\$ -	\$ -	\$ -
Revenue bonds payable	15,440,000	16,205,000	18,065,903	18,797,521
Notes payable	-	4,861	-	-
Leases payable	481,704	466,688	-	-
Total	<u>\$ 15,921,704</u>	<u>\$ 16,676,549</u>	<u>\$ 18,065,903</u>	<u>\$ 18,797,521</u>

State statutes limit the amount of debt a City may issue to 4 percent of its total fair market value of taxable property in its jurisdiction. The City may incur a larger indebtedness for the purpose of supplying the City with water, sewer, or electricity when such public works are owned and controlled by the City. The current debt limitation for Tooele City is \$31,175,409.

Additional information on Tooele City's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

All of the above factors were considered in preparing the City's budget for the 2005-06 year.

Requests for Information

This financial report is designed to provide a general overview of Tooele City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Tooele City Finance Director, 90 North Main Street, P.O. Box 89, Tooele, Utah, 84074-0089.

TOOELE CITY
Statement of Net Assets
June 30, 2005

Assets:	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 2,875,316	\$ 4,229,320	\$ 7,104,636
Investments	-	-	-
Receivables (net, where applicable, of allowances for estimated uncollectible amounts):			
Accounts	46,565	749,112	795,677
Assessments	153,285	-	153,285
Taxes	966,494	-	966,494
Loans receivable	35,327	-	35,327
Interest receivable	284,346	-	284,346
Intergovernmental receivable	338,672	821,000	1,159,672
Other	5,648	-	5,648
Prepaid expenses	6,359	321,366	327,725
Shop inventory	-	-	-
Restricted assets:			
Cash and cash equivalents	5,862,528	2,785,151	8,647,679
Investments	10,117,776	-	10,117,776
Capital assets, net of depreciation:			
Land	2,779,785	-	2,779,785
Buildings	13,442,842	-	13,442,842
Improvements other than buildings	4,683,639	-	4,683,639
Machinery and equipment	747,014	-	747,014
Automobiles and trucks	1,698,815	-	1,698,815
Office furniture and equipment	102,147	-	102,147
Infrastructure	84,112,598	-	84,112,598
Water stock	-	93,184	93,184
Utility plants and equipment	-	55,468,386	55,468,386
Total assets	128,259,156	64,467,519	192,726,675
Liabilities:			
Accounts payable	965,579	474,453	1,440,032
Accrued liabilities	372,747	238,193	610,940
Accrued interest payable	229,152	-	229,152
Due to other governmental units	-	-	-
Deferred revenue	5,300	-	5,300
Accrued liability for vested compensated absences	377,231	47,514	424,745
Customer deposits	-	169,960	169,960
Retentions payable	-	202,004	202,004
Long-term debt and capital lease obligations:			
Due within one year	897,783	754,000	1,651,783
Due in more than one year	15,023,921	17,311,903	32,335,824
Total liabilities	17,871,713	19,198,027	37,069,740
Net assets:			
Invested in capital assets, net of related debt	91,038,753	20,500,833	111,539,586
Restricted for:			
Debt service	2,536,477	-	2,536,477
Depot RDA	14,788,315	-	14,788,315
Other capital project purposes	835,951	-	835,951
Public facilities development	-	1,753,764	1,753,764
Unrestricted - designated	(236,521)	-	(236,521)
Unrestricted - undesignated	1,424,468	23,014,895	24,439,363
Total net assets	\$ 110,387,443	\$ 45,269,492	\$ 155,656,935

TOOELE CITY
Statement of Activities
For the Year Ended June 30, 2005

Functions	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets Governmental Activities	Net (Expense) Revenues and Changes in Net Assets Business-Type Activities	Total
		Charges for Services	Operating Grants/Contributions			
Governmental activities:						
General government	\$ 4,048,505	\$ 1,946,131	\$ 51,364	\$ (2,051,010)	\$ (2,051,010)	
Public safety	3,589,758	-	90,562	(3,350,540)	(3,350,540)	
Highways and streets	2,040,012	-	-	(849,725)	(849,725)	
Parks and recreation	2,267,002	354,276	328,244	(1,171,883)	(1,171,883)	
Interest on debt	1,013,514	-	-	(1,013,514)	(1,013,514)	
Total governmental activities	\$ 12,958,793	\$ 2,300,407	\$ 470,170	\$ (8,436,674)	\$ (8,436,674)	
Business-type activities:						
Water	\$ 2,974,769	\$ 3,149,400	\$ 821,000	-	1,831,383	1,831,383
Sewer	2,530,337	2,459,889	-	-	243,992	243,992
Solid Waste	1,135,637	1,185,208	-	-	49,571	49,571
Storm Water	147,653	318,576	-	-	170,923	170,923
Total business-type activities	\$ 6,788,396	\$ 7,112,973	\$ 821,000	\$ -	\$ 2,295,869	\$ 2,295,869
General revenues:						
Property taxes levied for:						
General purposes						
Par tax						
Industrial park RDA						
Downtown RDA						
Depot RDA						
Earnings on investments						
Gain on sale of capital assets						
Miscellaneous						
Transfers in (out)						
Total general revenues and transfers						
Contributed net assets						
Change in net assets						
Net assets - beginning						
Net assets - ending						

See accompanying notes to financial statements.

TOOELE CITY
Balance Sheet - Governmental Funds
June 30, 2005

	<u>General</u>	<u>Depot Redevelop. Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 2,875,316	\$ -	\$ -	\$ 2,875,316
Investments	-	-	-	-
Receivables:				
Accounts	46,565	-	-	46,565
Assessments	103,000	-	50,285	153,285
Taxes	966,494	-	-	966,494
Loans receivable	-	-	35,327	35,327
Interest receivable	-	284,346	-	284,346
Intergovernmental receivable	289,858	-	48,814	338,672
Other	5,648	-	-	5,648
Prepaid expenses	6,359	-	-	6,359
Due from other funds	50,000	900,000	-	950,000
Shop inventory	-	-	-	-
Restricted assets:				
Cash and cash equivalents	410,165	4,141,195	1,311,168	5,862,528
Investments	-	10,000,000	117,776	10,117,776
Total assets	<u>\$ 4,753,405</u>	<u>\$ 15,325,541</u>	<u>\$ 1,563,370</u>	<u>\$ 21,642,316</u>
<u>LIABILITIES AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ 414,857	\$ 537,226	\$ 13,496	\$ 965,579
Accrued liabilities	372,303	-	444	372,747
Due to other funds	-	-	950,000	950,000
Deferred revenue	5,300	-	-	5,300
Total liabilities	<u>792,460</u>	<u>537,226</u>	<u>963,940</u>	<u>2,293,626</u>
Fund equity:				
Fund balance:				
Reserved	2,536,477	14,788,315	835,951	18,160,743
Unreserved-designated	-	-	(236,521)	(236,521)
Unreserved-undesignated	1,424,468	-	-	1,424,468
Total fund equity	<u>3,960,945</u>	<u>14,788,315</u>	<u>599,430</u>	<u>19,348,690</u>
Total liabilities and fund equity	<u>\$ 4,753,405</u>	<u>\$ 15,325,541</u>	<u>\$ 1,563,370</u>	<u>\$ 21,642,316</u>

TOOELE CITY
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2005

Total Fund Balances - Governmental Funds

\$ 19,348,690

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

107,566,840

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(16,528,087)

Total Net Assets - Government Activities

\$ 110,387,443

TOOELE CITY
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended June 30, 2005

	<u>Major Funds</u>			
	<u>General</u>	<u>Redevelop. Agency - Depot</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:				
Taxes	\$ 7,665,395	\$ 754,529	\$ 333,938	\$ 8,753,862
Licenses and permits	442,198	-	-	442,198
Intergovernmental revenues	1,658,370	-	48,814	1,707,184
Charges for services	2,300,407	-	-	2,300,407
Fines and forfeitures	144,603	-	-	144,603
Interest income	70,686	854,965	40,719	966,370
Grants	-	-	2,087	2,087
Special assessments	-	-	-	-
Impact fees	-	-	512,441	512,441
Miscellaneous revenues	50,013	-	-	50,013
Rental income	724,135	-	-	724,135
Total revenues	<u>13,055,807</u>	<u>1,609,494</u>	<u>937,999</u>	<u>15,603,300</u>
EXPENDITURES:				
General government	2,970,531	696,256	99,842	3,766,629
Public safety	3,339,822	-	-	3,339,822
Highways and streets	1,897,977	-	-	1,897,977
Parks and recreation	2,768,604	-	-	2,768,604
Capital outlay	608,428	1,398,941	1,333,313	3,340,682
Grant expenditures	-	-	-	-
Principal payment on long-term debt	765,000	-	-	765,000
Interest on debt	765,282	-	19,080	784,362
Bond issuance costs	2,150	-	-	2,150
Total expenditures	<u>13,117,794</u>	<u>2,095,197</u>	<u>1,452,235</u>	<u>16,665,226</u>
Excess of revenues over (under) expenditures	<u>(61,987)</u>	<u>(485,703)</u>	<u>(514,236)</u>	<u>(1,061,926)</u>
Other financing sources (uses):				
Operating transfers in	209,351	-	34,000	243,351
Operating transfers (out)	(32,754)	-	(50,000)	(82,754)
Proceeds on sale of assets	33,160	-	-	33,160
Proceeds of issuance of long-term debt	-	-	-	-
Total other financing sources (uses)	<u>209,757</u>	<u>-</u>	<u>(16,000)</u>	<u>193,757</u>
Net change in fund balance	<u>147,770</u>	<u>(485,703)</u>	<u>(530,236)</u>	<u>(868,169)</u>
Fund balance, beginning of year	<u>3,813,175</u>	<u>15,274,018</u>	<u>1,129,666</u>	<u>20,216,859</u>
Fund balance, end of year	<u>\$ 3,960,945</u>	<u>\$ 14,788,315</u>	<u>\$ 599,430</u>	<u>\$ 19,348,690</u>

TOOELE CITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Total Governmental Funds

\$ (868,169)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

2,974,398

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

961,187

Accrued interest for long-term debt is not reported as an expenditure for the current period, while it is recorded in the statement of activities.

(229,152)

Change in Net Assets of Governmental Activities

\$ 2,838,264

TOOELE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund For the Year Ended June 30, 2005

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 6,809,000	\$ 7,243,771	\$ 7,665,395	\$ 421,624
Licenses and permits	374,500	374,500	442,198	67,698
Intergovernmental revenues	1,562,736	1,817,832	1,658,370	(159,462)
Charges for services	2,149,000	2,149,000	2,300,407	151,407
Fines and forfeitures	127,500	127,500	144,603	17,103
Interest income	10,000	10,000	70,686	60,686
Grants	-	-	-	-
Impact Fees	-	-	-	-
Miscellaneous revenues	31,500	21,500	50,013	28,513
Rental income	725,585	725,585	724,135	(1,450)
Total revenues	11,789,821	12,469,688	13,055,807	586,119
Expenditures:				
General government	2,850,329	3,054,569	2,970,531	84,038
Public safety	3,337,206	3,446,607	3,339,822	106,785
Highways and streets	2,305,254	2,318,255	1,897,977	420,278
Parks and recreation	2,569,192	2,807,155	2,768,604	38,551
Capital outlay	640,136	627,136	608,428	18,708
Grant expenditures	-	-	-	-
Principal payment on long-term debt	765,000	765,000	765,000	-
Interest on debt	764,200	764,200	765,282	(1,082)
Bond issuance costs	2,200	2,200	2,150	50
Total expenditures	13,233,517	13,785,122	13,117,794	667,328
Excess of revenues over (under) expenditures	(1,443,696)	(1,315,434)	(61,987)	1,253,447
Other financing sources (uses):				
Operating transfers in	209,249	209,249	209,351	102
Operating transfers (out)	(25,550)	(53,650)	(32,754)	20,896
Proceeds on sale of assets	693,590	10,000	33,160	23,160
Proceeds of issuance of long-term debt	-	-	-	-
Total other financing sources (uses)	877,289	165,599	209,757	44,158
Net change in fund balance	(566,407)	(1,149,835)	147,770	1,297,605
Fund balance, beginning of year	3,813,175	3,813,175	3,813,175	-
Fund balance, end of year	\$ 3,246,768	\$ 2,663,340	\$ 3,960,945	\$ 1,297,605

See accompanying notes to financial statements.

TOOELE CITY

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Depot Redevelopment Agency For the Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 750,000	\$ 750,000	\$ 754,529	\$ 4,529
Interest income	810,000	810,000	854,965	44,965
Grants	-	-	-	-
Miscellaneous revenues	-	-	-	-
Lease income	-	-	-	-
Total revenues	<u>1,560,000</u>	<u>1,560,000</u>	<u>1,609,494</u>	<u>49,494</u>
Expenditures:				
General government	847,000	757,000	696,256	60,744
Highways and streets	-	-	-	-
Other improvements	2,418,000	2,418,000	1,398,941	1,019,059
Grant expenditures	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,265,000</u>	<u>3,175,000</u>	<u>2,095,197</u>	<u>1,079,803</u>
Excess of revenues over (under) expenditures	<u>(1,705,000)</u>	<u>(1,615,000)</u>	<u>(485,703)</u>	<u>1,129,297</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Proceeds on sale of assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>(1,705,000)</u>	<u>(1,615,000)</u>	<u>(485,703)</u>	<u>1,129,297</u>
Fund balance, beginning of year	<u>15,274,018</u>	<u>15,274,018</u>	<u>15,274,018</u>	<u>-</u>
Fund balance, end of year	<u>\$ 13,569,018</u>	<u>\$ 13,659,018</u>	<u>\$ 14,788,315</u>	<u>\$ 1,129,297</u>

TOOELE CITY CORPORATION
Statement of Net Assets - Proprietary Funds
June 30, 2005

	Water Fund	Sewer Fund	Non-Major Enterprise Funds	Totals June 30, 2005
Assets:				
Cash and cash equivalents	\$ 3,232,344	\$ 75,494	\$ 921,482	\$ 4,229,320
Receivables:				
Accounts -- net of allowance for uncollectibles	211,277	349,611	188,224	749,112
Interest	-	-	-	-
Intergovernmental	821,000	-	-	821,000
Other	-	-	-	-
Prepays	171,587	149,779	-	321,366
Due from other funds	800,000	-	-	800,000
Cash and cash equivalents -- restricted	884,389	1,900,762	-	2,785,151
Water stock	93,184	-	-	93,184
Utility plants and equipment -- net of depreciation	27,726,757	27,741,829	-	55,468,586
Total assets	33,940,538	30,217,275	1,109,706	65,267,519
Liabilities:				
Accounts payable	158,471	64,411	251,571	474,453
Accrued liabilities	103,087	135,096	-	238,183
Liability for compensated absences	27,473	20,041	-	47,514
Customer deposits	169,960	-	-	169,960
Retentions payable	-	202,004	-	202,004
Due to other funds	-	800,000	-	800,000
General obligation bonds payable	-	-	-	-
Revenue bonds payable	8,169,742	9,896,161	-	18,065,903
Total liabilities	8,628,743	11,117,713	251,571	19,998,027
Net Assets:				
Invested in capital assets, net of related debt	7,699,206	12,801,827	-	20,500,833
Unrestricted	14,568,045	7,588,715	858,135	23,014,895
Restricted	3,044,544	(1,290,780)	-	1,753,764
Total net assets	\$ 25,311,795	\$ 19,099,562	\$ 858,135	\$ 45,269,492
Total liabilities and net assets	\$ 33,940,538	\$ 30,217,275	\$ 1,109,706	\$ 65,267,519

TOOELE CITY CORPORATION
Statement of Revenues, Expenses, and Changes in
Fund Net Assets - Proprietary Funds
For the Fiscal Year Ended June 30, 2005

	Water Fund	Sewer Fund	Non-Major Enterprise Funds	Totals June 30, 2005
Operating revenues:				
Utility sales	\$ 3,041,348	\$ 2,458,159	\$ 1,503,784	\$ 7,003,291
Connection fees	108,052	1,530	-	109,582
Intergovernmental revenues	821,000	-	-	821,000
Miscellaneous	51,418	8,971	-	60,389
Total operating revenues	4,021,818	2,468,660	1,503,784	7,994,262
Operating expenditures:				
Personal services	364,664	347,242	1,687	713,593
Contracted services	487,088	239,967	1,072,109	1,799,164
Operations and maintenance	728,286	498,640	193,570	1,420,496
Utilities	17,603	165,882	-	183,485
Administration	(39,485)	(2,330)	15,924	(25,891)
Depreciation	1,004,955	842,364	-	1,847,319
Total operating expenses	2,563,111	2,091,765	1,283,290	5,938,166
Operating income (loss)	1,458,707	376,895	220,494	2,056,096
Non-operating revenues (expenses):				
Interest income	44,732	26,948	13,683	85,363
Interest expense	(403,372)	(429,564)	-	(832,936)
Amortization of bond issuance costs / discount	(8,286)	(9,008)	-	(17,294)
Amortization of bond premium	229	3,388	-	3,617
Sale of fixed assets	-	25,000	-	25,000
Impact fees	835,752	314,640	-	1,150,392
Transfers (out)	(51,825)	(51,825)	-	(103,650)
Total non-operating revenues (expenses)	417,230	(120,421)	13,683	310,492
Change in net assets	1,875,937	256,474	234,177	2,366,588
Net assets -- beginning of year	15,736,652	6,041,461	623,958	22,402,071
Net assets -- end of year	\$ 17,612,589	\$ 6,297,935	\$ 858,135	\$ 24,768,659

TOOELE CITY CORPORATION
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2005

	Water Fund	Sewer Fund	Non-Major Enterprise Funds	Totals June 30, 2005
Cash flows provided (used) by operating activities:				
Receipts from customers and users	\$ 3,185,906	\$ 2,454,064	\$ 1,459,842	\$ 7,099,812
Receipts from other governments	-	21	-	21
Receipts of miscellaneous income	51,418	8,971	-	60,389
Receipts from other funds	400,000	-	-	400,000
Payments to other funds	-	(400,000)	-	(400,000)
Payments to employees	(364,664)	(347,242)	(1,687)	(713,593)
Payments to contractors	(487,088)	(236,443)	(1,072,109)	(1,795,640)
Payments for operations and maintenance	(728,286)	(498,840)	(193,570)	(1,420,496)
Payments for utilities	(17,603)	(165,882)	-	(183,485)
Payments for administration	47,904	41,430	171,149	260,483
Net cash provided (used) by operating activities	2,087,587	856,279	363,625	3,307,491
Cash flows provided (used) by noncapital financing activities:				
Operating transfers out to other funds	(51,825)	(51,825)	-	(103,650)
Net cash provided (used) by noncapital financing activities	(51,825)	(51,825)	-	(103,650)
Cash flows provided (used) by capital and related financing activities:				
Purchase of capital assets	(2,686,777)	(221,404)	-	(2,908,181)
Proceeds from sale of capital assets	8,001	30,464	-	38,465
Proceeds from sale of water rights	-	-	-	-
Proceeds from water resource grant contribution	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-
Payment of bond principal	(205,229)	(526,388)	-	(731,618)
Interest paid	(411,429)	(435,164)	-	(846,613)
Impact fees	835,752	314,840	-	1,150,392
Net cash provided (used) by capital and related financing activities	(2,459,682)	(837,873)	-	(3,297,555)
Cash flows provided (used) by investing activities:				
Interest earned	44,732	26,948	13,683	85,363
Net cash provided (used) by investing activities	44,732	26,948	13,683	85,363
Net increase (decrease) in cash and cash equivalents	(379,188)	(6,471)	377,308	(8,351)
Cash and cash equivalents - beginning of year	4,495,921	1,982,727	544,174	7,022,822
Cash and cash equivalents - end of year	\$ 4,116,733	\$ 1,976,256	\$ 921,482	\$ 7,014,471
Cash flows provided (used) by operating activities:				
Operating income (loss)	\$ 1,458,707	\$ 376,895	\$ 220,494	\$ 2,056,096
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,004,955	842,364	-	1,847,319
Changes in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	28,526	(5,625)	(43,942)	(21,041)
Interest receivable	-	-	-	-
Intergovernmental receivable	(821,000)	21	-	(820,979)
Prepaid expenses	8,286	9,008	-	17,294
Water stock	-	-	-	-
Due from other funds	400,000	-	-	400,000
Increase (decrease) in liabilities:				
Accounts payable	(1,814)	35,666	187,073	220,925
Accrued liabilities	(1,930)	(7,010)	-	(8,940)
Liability for compensated absences	3,877	1,438	-	5,313
Customer deposits	7,980	-	-	7,980
Retentions payable	-	3,524	-	3,524
Due to other funds	-	(400,000)	-	(400,000)
Net cash provided (used) by operating activities	\$ 2,087,587	\$ 856,279	\$ 363,625	\$ 3,307,491
Represented on the balance sheet as:				
Cash - unrestricted	\$ 3,232,344	\$ 75,494	\$ 921,482	\$ 4,229,320
Cash - restricted	884,389	1,900,762	-	2,785,151
	\$ 4,116,733	\$ 1,976,256	\$ 921,482	\$ 7,014,471
Supplemental disclosures:				
Contributed capital from developers	\$ -	\$ -	\$ -	\$ -
Contributed capital from federal grants	-	-	-	-
Total contributed capital	\$ -	\$ -	\$ -	\$ -

TOOELE CITY
Statement of Fiduciary Net Assets
June 30, 2005

	Pension Trust	Private- Purpose Trust	Agency Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 383,604	\$ -	\$ 840,725
Investments	-	-	34,321
Due from other funds	-	-	-
Total assets	383,604	-	875,046
<u>LIABILITIES</u>			
Accounts payable	510	-	-
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Total liabilities	510	-	-
<u>NET ASSETS</u>			
Held in trust for fire dept. and other	\$ 383,094	\$ -	\$ 875,046

TOOELE CITY
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2005

	Pension Trust	Private- Purpose Trust
Additions:		
Earnings on investments	\$ 9,537	\$ -
Transfers from general fund	21,650	-
Other	-	-
Total additions	<u>31,187</u>	<u>-</u>
Deductions:		
Benefits	4,870	-
Other	-	-
Total deductions	<u>4,870</u>	<u>-</u>
Change in net assets	26,317	-
Net assets, beginning of year	<u>356,777</u>	<u>-</u>
Net assets, end of year	<u>\$ 383,094</u>	<u>\$ -</u>

TOOELE CITY CORPORATION

Notes to Financial Statements

1. REPORTING ENTITY AND ITS GOVERNMENT ACTIVITY

Tooele City Corporation is a municipal corporation governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the financial statements to emphasize that they are legally separate from the government. Tooele City Corporation is not a component unit of any other entity; the City has no discretely presented component units. Each blended component unit has a June 30 year end.

Blended Component Units

The Downtown Redevelopment Agency was created by the City during fiscal year 1984. The Agency uses tax increment financing to support redevelopment projects within the downtown business district. The Agency is governed by the City's Mayor and City Council. Because the Agency's governing body is the same as the City's, the financial data is included in the reporting entity using the blended method.

The Industrial Park Redevelopment Agency was created by the City during fiscal year 1987. The Agency uses tax increment financing to support redevelopment projects within the City. The Agency is governed by the City's Mayor and City Council. Because the Agency's governing body is the same as the City's, the financial data is included in the reporting entity using the blended method.

The Depot Redevelopment Agency was created by the City during fiscal year 1997. The agency uses tax increment financing to support redevelopment projects in the properties granted to the City by the Department of Defense. The Agency is governed by the City's Mayor and City Council. Because the Agency's governing body is the same as the City's, the financial data is included in the reporting entity using the blended method.

The Municipal Building Authority of Tooele City was created by the City during fiscal year 1995. The Authority uses the proceeds of its tax exempt bonds to finance the construction or acquisition of general capital assets for the City only. The bonds are secured by the lease agreement between the Municipal Building Authority, Utah State University, and Tooele City, and will be retired through lease payments. The Municipal Building Authority's fund structure is comprised of a general fund. The Authority is governed by the Mayor and City Council. Because the Authority's governing body is the same as the City's, the financial data is included in the reporting entity using the blended method.

The Tooele City Firefighters Retirement Annuity Plan (the Plan) was created by the City during fiscal year 2000. The Plan is a Pension Trust Fund, administered by the City Council under the terms of the Plan document. Funding is completely the responsibility of the City. Because the Plan's administrative body is the same as the City's governing body, financial data is included in the reporting entity using the blended method.

The Tooele City Water Special Service District (the District) was created by the City during fiscal year 2000. The District was created for the purpose of acquiring and owning water and water rights on behalf of and to provide water service to the inhabitants of the City. Because the District's administrative body is the same as the City's governing body, financial data is included in the reporting entity using the blended method.

TOOELE CITY CORPORATION

Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the City is presented to assist in understanding the City's financial statements. The financial statements and notes are representations of the City officials who are responsible for their integrity and objectivity. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments and have been consistently applied in the preparation of the financial statements.

Government-Wide and Fund Financial Statements

The *government-wide financial statements* (the statement of net assets and the statement of activities) display information about the primary government (the City). These statements include the financial activities of the overall government, except the fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line.

Program revenues include 1) fees and charges paid by recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The City reports the following funds:

(1) Governmental Fund Type

Governmental funds are those through which most governmental functions of the City are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

- a. *General Fund* – The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is made up of the general fund, the municipal building authority, and the class 'C' roads.
- b. *Capital Projects Funds* – The capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. The capital projects funds are the park improvements, capital projects, west loop capital projects, U.I.D. waterline projects, public safety capital projects, and the swimming pool capital projects funds.
- c. *Special Revenue Funds* – The special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The special revenue funds are the guaranty fund, the industrial park RDA, the downtown RDA, and the depot RDA.

(2) Proprietary Fund Type

Enterprise funds are used to account for the City's business-type activities, which are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses and transfers related to the City's business activities, where net income and capital maintenance are measured, are accounted for through enterprise funds. Included in enterprise fund types for the City are the water utility fund, sewer utility fund, and the garbage utility fund. These funds are financed primarily through user charges.

(3) Fiduciary Fund Type

Fiduciary funds are those in which the City holds assets on behalf of others. The Firefighters Retirement Annuity Plan is a pension trust fund, and the swimming pool is a private-purpose trust fund. Therefore, they are both fiduciary funds.

TOOELE CITY CORPORATION

Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *government-wide, proprietary fund, and fiduciary fund financial statements* are reported using the economic resources measurement focus. The government-wide statements are reported using the the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the City receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In accordance with Government Accounting Standards Board (GASB) Statement No. 20, the City applies all financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, except those that conflict with or contradict GASB pronouncements. Those FASB statements and interpretations issued subsequent to November 30, 1989, are not applied.

Budgetary Procedures and Budgetary Accounting

Budgetary procedures for the City have been established by the Uniform Fiscal Procedures Act adopted by the State of Utah, which requires a legal adoption of an annual budget for all funds. Furthermore, in accordance with state law, all appropriations, except capital projects fund appropriations, lapse at the end of the budget year; accordingly, no encumbrances are recorded. The basis of accounting applied to each fund budget is the same basis as the related funds financial statements. Amendments to budgets, both general and proprietary, were made through legal budget amendment procedures.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the water utility fund, the sewer utility fund, and the waste utility fund consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash

Certain resources set aside for bond repayment are classified as restricted cash on the balance sheet because their use is limited by applicable bond covenants. Other cash accounts are restricted by local ordinance and limitations on their usage.

Short-Term Interfund Receivables/Payables

During the course of operations, transactions occur that result in amounts owed to a particular fund by another fund, other than for goods provided or services rendered. These receivables and payables are due within a year and are classified as "due from or to other funds" on the balance sheet.

TOOELE CITY CORPORATION

Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings, improvements, machinery, automobiles, and furniture and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Improvements other than buildings	10-15
Machinery and equipment	7
Automobiles and trucks	5-7
Office furniture and equipment	3-5

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets.

Fund Equity

Proprietary funds that have received capital grants or contributions from developers, customers, other governments, or other funds have classified this contributed capital as invested in capital assets, net of related debt. Reserves represent those portions of fund equity not appropriable for expenditure or amounts legally segregated for a specific future use.

FICA Taxes

Tooele City Corporation is not exempt from withholding and paying FICA taxes.

Compensated Absences

For governmental funds, amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated unpaid vacation pay of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay, which does not vest, is recorded as an expense in all funds when leave is taken.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the government to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Taxes and Other Significant Revenues

Property tax is assessed, levied, and collected by the county governments in the state of Utah. The City Council is authorized by state statute (10-6-133) to levy up to a certified tax rate of .002821 of the taxable value against all real and personal property located within its boundaries. Property taxes become a lien on January 1 and are levied on the first Monday of August. Taxes are due and payable on November 1 and delinquent after November 30 of each year.

TOOELE CITY CORPORATION
Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxes and Other Significant Revenues (Continued)

Under state statute, the County Treasurer, acting as a tax collector, must settle and disburse all current tax collections to all taxing units by the end of March following the taxing year. Delinquent taxes are collected throughout the year and disbursed to the taxing units on a quarterly basis.

Property tax revenues are recognized when they become available. Available includes those property taxes collected from the taxpayers by the County Treasurer by June 30 of each year.

Sales taxes are collected by the State Tax Commission and remitted to the City monthly. Franchise fees are collected and remitted to the City by the telephone company quarterly, by electric and natural gas companies monthly, and by the cable television company semiannually.

Comparative Data

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations.

3. CASH AND CASH EQUIVALENTS

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

Tooele City follows the requirements of the Utah Money Management Act (*Utah Code*, Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of the City's funds in a qualified depository. The Act defines qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and that has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk. At June 30, 2005, \$1,721,589 of the District's bank balances was uninsured and uncollateralized. The market value is equivalent to the below stated carrying amount.

Cash and cash equivalents per books at June 30, 2005, consist of the following:

Unrestricted:

General Fund	\$ 2,875,316
Special Revenue Fund	-
Capital Projects Funds	-
Enterprise Funds	4,229,320
Total unrestricted	<u>7,104,636</u>

Restricted:

General Fund	410,165
Special Revenue Fund	4,605,226
Capital Projects Fund	847,137
Enterprise Funds	2,785,151
Pension Trust Fund	383,604
Agency Fund	840,725
Total restricted	<u>9,872,008</u>

Total cash and cash equivalents	<u>\$ 16,976,644</u>
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The City's cash per the bank is \$17,660,059. The difference is principally outstanding checks and deposits in transit.

TOOELE CITY CORPORATION
Notes to Financial Statements (continued)

3. CASH AND CASH EQUIVALENTS (Continued)

The City's cash and cash equivalents per bank at June 30, 2005, are as follows:

<u>Description of Account</u>	<u>Type of Account</u>	<u>Bank Balance Market Value</u>	<u>Insurance or Surety Bond</u>
Local bank	Checking	\$ 23,333	FDIC
	Money Market Sweep	1,798,256	
	Construction Escrow	1,262	
	Debt Service Reserve	3,145,146	
Public Treasurer's Investment Fund	Investment Pool	12,692,062	N/A
Petty Cash		1,640	N/A
		<u>\$ 17,661,699</u>	

4. INVESTMENTS

The Money Management Act defines the types of securities authorized as appropriate investments for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poor's; bankers' acceptances; obligations of the U.S. Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund. All investments held by the District at June 30, 2005 comply with the provisions of the Act.

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, Utah Code Annotated, 1953, as amended. The Act established the Money Management Council, which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses - net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of June 30, 2005, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
McDonald CD	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	\$ -
Barnes Bank CD	117,776	117,776	-	-	-
Liddiard Escrow CD	34,321	34,321	-	-	-
State of Utah Public Treasurer's Investment Fund	-	-	-	-	-
Total investments	<u>\$ 10,152,097</u>	<u>\$ 152,097</u>	<u>\$ 10,000,000</u>	<u>\$ -</u>	<u>\$ -</u>

TOOELE CITY CORPORATION

Notes to Financial Statements (continued)

4. INVESTMENTS (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 2 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act as previously discussed.

As of June 30, 2005, the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
McDonald CD	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -	\$ -
Barnes Bank CD	117,776	117,776	-	-	-
Liddiard Escrow CD	34,321	34,321	-	-	-
State of Utah Public Treasurer's Investment Fund	-	-	-	-	-
Total investments	\$ 10,152,097	\$ 10,152,097	\$ -	\$ -	\$ -

Water Fund investments consist of water stocks, and are stated at cost, due to the fact that they are not held primarily for purposes of income or profit. At June 30, 2005, the costs of these stocks were as follows:

	Shares Owned	Cost
Middle Canyon Water Company	361.5	\$ 15,034
Settlement Canyon Water Company	707.0	78,150
		<u>\$ 93,184</u>

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

5. RESTRICTED ASSETS

Cash and cash equivalents in the amount of \$9,905,819 and investments of \$10,117,776 are restricted for special projects.

6. ACCOUNTS RECEIVABLE-ENTERPRISE FUNDS

The accounts receivable and the allowances for uncollectible accounts for the Enterprise Funds are as follows:

	Balance	Allowance for Uncollectibles	Net
Water Fund	\$ 227,517	\$ (16,240)	\$ 211,277
Sewer Fund	354,352	(4,741)	349,611
Waste Fund	144,919	(1,487)	143,432
Storm Water Fund	44,919	(127)	44,792
Total	\$ 771,707	\$ (22,595)	\$ 749,112

7. NOTES RECEIVABLE

Tooele City lent money to various businesses located within the RDA area to assist them in renovating certain real property for the economic development of the area in which the City is carrying out a commercial rehabilitation program utilizing tax increment funds. These loans bear interest at three percent and are repayable in monthly installments over various periods of time. The City is able to secure the loans by placing liens or trust deeds on the property in the development area. The balance due on the loans at June 30, 2005 is \$35,327.

8. CAPITAL ASSETS

Changes in capital assets are comprised of the following:

	June 30, 2004	Additions	Deletions	June 30, 2005
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,331,073	\$ 448,712	\$ -	\$ 2,779,785
Infrastructure	82,533,290	1,579,308	-	84,112,598
Total capital assets, not being depreciated	84,864,363	2,028,020	-	86,892,383
Capital assets, being depreciated:				
Buildings	16,904,720	104,414	-	17,009,134
Improvements other than buildings	6,046,210	972,461	-	7,018,671
Machinery and equipment	1,226,288	431,963	-	1,658,251
Automobiles and trucks	3,020,604	495,759	(124,085)	3,392,278
Office furniture and equipment	591,906	94,740	-	686,646
Total capital assets, being depreciated	27,789,728	2,099,337	(124,085)	29,764,980
Accumulated depreciation for:				
Buildings	3,162,645	403,647	-	3,566,292
Improvements other than buildings	2,159,565	175,467	-	2,335,032
Machinery and equipment	665,326	245,911	-	911,237
Automobiles and trucks	1,558,547	237,079	(102,163)	1,693,463
Office furniture and equipment	515,566	68,933	-	584,499
Total accumulated depreciation	8,061,649	1,131,037	(102,163)	9,090,523
Total capital assets, being depreciated, net	19,728,079	968,300	(21,922)	20,674,457
Governmental activities capital assets, net	\$ 104,592,442	\$ 2,996,320	\$ (21,922)	\$ 107,566,840

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

8. CAPITAL ASSETS (Continued)

Utility Plants and Equipment

Changes in utility plants and equipment are comprised of the following:

	June 30, 2004	Additions	Deletions	June 30, 2005
Business-type activities:				
Water utility plant in service:				
Land	\$ 677,860	\$ -	\$ -	\$ 677,860
Buildings	1,256,596	75,065	-	1,331,661
Improvements other than buildings	25,145,996	186,887	2,110,733	27,443,616
Machinery and equipment	1,836,799	198,544	(15,000)	2,020,343
Automobiles and trucks	292,407	38,554	-	330,961
Construction in progress	2,194,530	2,187,727	(2,110,733)	2,271,524
Water rights	3,447,031	-	-	3,447,031
Total water utility	34,851,219	2,686,777	(15,000)	37,522,996
Less accumulated depreciation	(8,798,283)	(1,004,955)	7,000	(9,796,238)
Net property, plant, and equipment	26,052,936	1,681,822	(8,000)	27,726,758
Sewer utility plant in service:				
Land	\$ 301,500	\$ -	\$ -	\$ 301,500
Buildings	2,715,926	7,663	-	2,723,589
Improvements other than buildings	26,809,634	14,970	1,359,009	28,183,613
Machinery and equipment	354,478	85,501	(6,798)	433,181
Automobiles and trucks	446,552	95,617	(89,000)	453,169
Construction in progress	4,004,584	17,653	(1,359,009)	2,663,228
Total sewer utility	34,632,674	221,404	(95,798)	34,758,280
Less accumulated depreciation	(6,264,621)	(842,364)	90,334	(7,016,651)
Net property, plant, and equipment	28,368,053	(620,960)	(5,464)	27,741,629
Total utility plants and equipment	\$ 54,420,989	\$ 1,060,862	\$ (13,464)	\$ 55,468,387

For the year ended June 30, 2005, depreciation expense was charged to functions of the City as follows:

Governmental activities:

General government	\$ 281,876
Public safety	249,936
Highways and streets	142,035
Parks and recreation	207,189
Capital outlay	250,000
Total depreciation expense, governmental activities	\$ 1,131,037

Business-type activities:

Water	\$ 1,004,955
Sewer	842,364
Total depreciation expense, business-type activities	\$ 1,847,319

9. DEFEASANCE OF GENERAL OBLIGATION BONDS

In September 1992, Tooele City Corporation issued General Obligation Refunding Bonds Series 1992 in the amount of \$2,855,000. The net proceeds of \$2,743,900 were deposited with an escrow agent to provide for the redemption of the 1985 Series General Obligation Refunding Bonds. This redemption occurred on January 1, 1993.

As a result of the above transaction, these 1985 Series General Obligation Refunding Bonds are considered to be defeased and the liability for the bonds has been removed from the bonds payable on the balance sheets of the Water and Sewer Funds.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

10. DEFEASANCE OF LEASE PURCHASE REVENUE BONDS

In May 1996, the City's Municipal Building Authority issued Lease Refunding Revenue Bonds Series 1996 in the amount of \$1,323,000, the net proceeds of which, together with funds in a debt service reserve account from the 1995 Series Lease Purchase Revenue Bonds, were used to refund the 1995 Series Lease Purchase Revenue Bonds in the amount of \$1,276,000 as a legal defeasance.

As a result of the above transaction, these 1995 Lease Purchase Revenue Bonds are considered to be defeased and the liability has been removed from the bonds payable in the financial statements.

11. DEFEASANCE OF SEWER REVENUE BONDS

In March 2001, Tooele City Corporation issued Sewer Revenue Refunding Bonds Series 2001A in the amount of \$4,615,000, the net proceeds of which were deposited with an escrow agent to provide for the redemption of the 1997A Series Sewer Revenue Bonds.

As a result of the above transaction, these 1997A Series Sewer Revenue Bonds are considered to be defeased and the liability for the bonds has been removed from revenue bonds payable on the balance sheet of the Sewer Fund.

12. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2005 is as follows:

	Balance June 30, 2004	Additions	Reductions	Balance June 30, 2005	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$ 16,205,000	\$ -	\$ (765,000)	\$ 15,440,000	\$ 796,000
Notes payable	4,861	-	(4,861)	-	-
Leases payable	466,688	83,231	(68,215)	481,704	101,783
Compensated absences	343,752	33,479	-	377,231	-
Total governmental long-term liabilities	\$ 17,020,301	\$ 116,710	\$ (838,076)	\$ 16,298,935	\$ 897,783
Business-type activities:					
General obligation bonds payable	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue bonds payable	18,797,521	-	(731,618)	18,065,903	754,000
Compensated absences	42,201	5,313	-	47,514	-
Total business-type long-term liabilities	\$ 18,839,722	\$ 5,313	\$ (731,618)	\$ 18,113,417	\$ 754,000

General Obligation Bonds Payable

In September 1992, Tooele City Corporation issued General Obligation Refunding Bonds Series 1992 in the amount of \$2,855,000 with interest rates of 3.80% - 7.50%. The bonds matured on January 1, 2004, with principal and interest payments due semi-annually on July 1, and January 1, of each year. The General Obligation Bonds have been allocated 80% to the Water Fund and 20% to the Sewer Fund and were intended to be paid from the operations of those funds. As of June 30, 2004, the bonds were paid off.

Lease Purchase Revenue Bonds Payable

In May 1996, the City's Municipal Building Authority issued Lease Refunding Revenue Bonds Series 1996 in the amount of \$1,323,000 with original interest rates of 4.40% - 5.45%. The bonds mature August 15, 2015, with interest and principal payments due annually.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

12. LONG-TERM DEBT (Continued)

Lease Purchase Revenue Bonds Payable (Continued)

The following schedule summarizes the principal balance and the service requirements to maturity:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2006	\$ 57,000	\$ 34,290	\$ 91,290	4.40%
2007	60,000	32,062	92,062	4.40%
2008	63,000	29,716	92,716	4.40%
2009	67,000	27,252	94,252	4.40%
2010	70,000	24,633	94,633	4.40%
Thereafter	560,000	84,730	644,730	Various
	<u>\$ 877,000</u>	<u>\$ 232,683</u>	<u>\$ 1,109,683</u>	

In November 1999, the City's Municipal Building Authority issued Lease Revenue Bonds Series 1999 in the amount of \$8,000,000 with original interest rates of 4.25% - 5.875%. The bonds mature on December 1, 2024, with principal payments due annually on December 1, and interest payments due on June 1 and December 1 of each year.

The following schedule summarizes the principal balance and the service requirements to maturity:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2006	\$ 210,000	\$ 391,990	\$ 601,990	4.65%
2007	220,000	381,883	601,883	4.75%
2008	225,000	371,201	596,201	4.85%
2009	240,000	359,745	599,745	4.85%
2010	250,000	347,495	597,495	4.85%
Thereafter	5,955,000	2,957,303	8,912,303	Various
	<u>\$ 7,100,000</u>	<u>\$ 4,809,617</u>	<u>\$ 11,909,617</u>	

Revenue Bonds Payable

In October 1998, Tooele City Corporation issued Excise Tax Revenue Bonds Series 1998 in the amount of \$3,142,000 with an interest rate of 4.20%. The bonds mature on August 1, 2008 with principal and interest payments due quarterly.

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2006	\$ 339,000	\$ 43,333	\$ 382,875	4.20%
2007	354,000	28,875	383,755	4.20%
2008	370,000	13,755	95,998	4.20%
2009	95,000	998	-	4.20%
2010	-	-	-	
	<u>\$ 1,158,000</u>	<u>\$ 86,961</u>	<u>\$ 862,628</u>	

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

12. LONG-TERM DEBT (Continued)

Revenue Bonds Payable (Continued)

In 2002, Tooele City issued Sales Tax Revenue Bonds Series 2002 in the amount of \$6,635,000 with original interest rates of 2.50% - 4.80%. The bonds mature on January 15, 2027, with principal payments due annually on January 15, (beginning in 2004), and interest payments due on January 15 and July 15 of each year.

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2006	\$ 190,000	\$ 268,318	\$ 458,318	2.50%
2007	195,000	263,568	458,568	3.25%
2008	200,000	257,230	457,230	3.25%
2009	205,000	250,730	455,730	3.25%
2010	215,000	244,068	459,068	3.50%
Thereafter	5,300,000	2,461,167	7,761,167	Various
	<u>\$ 6,305,000</u>	<u>\$ 3,745,081</u>	<u>\$ 10,050,081</u>	

In December 1997, Tooele City issued Sewer Revenue Bonds Series 1997B in the amount of \$7,570,000. The bonds carry an interest rate of 3.50% and mature on February 1, 2019 with interest-only payments due on February 1 for the first two years, and both principal and interest payments due on February 1 for the remainder of the bond term.

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 329,000	\$ 203,560	\$ 532,560
2007	340,000	192,045	532,045
2008	352,000	180,145	532,145
2009	365,000	167,825	532,825
2010	378,000	155,050	533,050
Thereafter	4,052,000	741,475	4,793,475
	<u>\$ 5,816,000</u>	<u>\$ 1,640,100</u>	<u>\$ 7,456,100</u>

In March 2001, Tooele City issued Water Revenue Bonds Series 2001A in the amount of \$8,765,000 with original interest rates of 3.35% - 5.00%. The bonds mature on October 1, 2026, with principal payments due annually on October 1, (beginning in 2002), and interest payments due on April 1 and October 1 of each year.

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2006	\$ 215,000	\$ 395,750	\$ 610,750	3.650%
2007	225,000	387,359	612,359	3.750%
2008	235,000	378,300	613,300	3.875%
2009	245,000	368,578	613,578	4.000%
2010	255,000	357,180	612,180	4.000%
Thereafter	6,990,000	3,406,680	10,396,680	Various
	<u>\$ 8,165,000</u>	<u>\$ 5,293,847</u>	<u>\$ 13,458,847</u>	

In March 2001, Tooele City issued Sewer Revenue Refunding Bonds Series 2001A in the amount of \$4,615,000 with original interest rates of 3.20% - 5.25%. The bonds mature on October 1, 2018, with principal payments due annually on October 1, and interest payments due on April 1 and October 1 of each year.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

12. LONG-TERM DEBT (Continued)

Revenue Bonds Payable (Continued)

The following schedule summarizes the principal balance and the service requirements to maturity.

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Rate</u>
2006	\$ 210,000	\$ 187,508	\$ 397,508	3.650%
2007	220,000	179,308	399,308	3.750%
2008	225,000	170,545	395,545	3.875%
2009	235,000	161,228	396,228	4.000%
2010	245,000	150,285	395,285	4.000%
Thereafter	2,875,000	705,643	3,580,643	Various
	<u>\$ 4,010,000</u>	<u>\$ 1,554,517</u>	<u>\$ 5,564,517</u>	

Special Assessment Debt

The City is not obligated in any manner for special assessment debt.

Lease Commitments

The City has purchased certain fire trucks and other equipment under non-cancelable capital leases, expiring between 2006 and 2010. The outstanding lease commitments are included in the general long-term debt account group. The present value of future minimum lease payments under the lease agreements is as follows:

<u>Year ending June 30,</u>	
2006	\$ 122,623
2007	127,274
2008	114,047
2009	92,623
2010	92,623
Thereafter	-
Total minimum lease payments	549,190
Less: amounts representing interest	(67,486)
Present value of minimum capital lease payments	<u>\$ 481,704</u>

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

13. INTERFUND BALANCES AND ACTIVITY

The composition of interfund balances as of June 30, 2005 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Due from/to other funds:		
Depot RDA	Industrial Park RDA	\$ 900,000
General Fund	Capital Projects Fund	50,000
Water Fund	Sewer Fund	800,000
Total		<u>\$ 1,750,000</u>

During the year ended June 30, 2005, the depot RDA fund transferred \$900,000 to the industrial park RDA for project expenses, the general fund transferred \$50,000 to the capital projects fund for project expenses, and the water fund transferred \$800,000 to the sewer fund for sewer expenses.

14. RETIREMENT PLAN

Plan Description. The City contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, all of which are cost sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems).

Retirement Systems provide refunds, retirement benefits, annual cost of living allowances, and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the state legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office, and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1 (800) 365-8772.

Funding Policy. Contributory Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective systems to which they belong. Currently, Plan members contribute 6.0%. The City is required to contribute a percent of covered salary to the respective systems, 7.08% to the Contributory, 11.09% to the Noncontributory, and 19.08% to the Public Safety Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Tooele City's contributions to the Contributory System for the years ending June 30, 2005, 2004, and 2003 were \$19,497, \$19,982, and \$19,237, respectively. Salaries subject to contributory contributions were \$149,055, \$172,108, and \$180,120, for the same years. The Noncontributory System contributions for June 30, 2005, 2004, and 2003 were \$293,699, \$240,060, and \$224,753, respectively. Salaries subject to noncontributory contributions were \$2,648,319, \$2,495,422, and \$2,586,329, for the same years. The Public Safety System contributions for June 30, 2005, 2004, and 2003 were \$203,423, \$161,297, and \$149,383, respectively. Salaries subject to public safety contributions were \$1,066,161, \$993,209, and \$1,075,474, for the same years. The contributions were equal to the required contributions for each year.

15. DEFERRED COMPENSATION 457 PLAN

The City offers its employees a deferred compensation plan through the Utah State Retirement System created in accordance with Internal Revenue Code (IRC) Section 457.

Historically, the Plan has been properly accounted for by the City in the Deferred compensation Agency Fund. However, during fiscal year 1998, the City adopted the provisions of GASB No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective July 1, 1997. The 457 deferred compensation plan in which the City participates was amended such that all income and assets of the Plan are now held in trust for the exclusive benefit of the participants. This modification aligned the City with the new laws governing 457 deferred compensation plans. Accordingly, GASB No. 32 required that the assets associated with this Plan be removed from the general purpose financial statements, as they are no longer a legal asset of the city.

TOOELE CITY CORPORATION

Notes to Financial Statements (Continued)

16. EMPLOYEE BENEFIT PLANS

The City offers a non-contributory pension plan for volunteer firefighters. Originally, the Plan was funded by the City and administered by a third party. During 2000, the City assumed administration of the Plan as a non-qualified pension trust. The City continues to contribute \$25 per month per firefighter. Benefits are paid at retirement after age sixty-five, at \$50 per month for life. Pension contributions for the years ended June 30, 2005, 2004, and 2003, were \$21,650, \$21,900, and \$20,100, respectively.

The City provides a 401(k) plan for substantially all employees. The Plan is available to full-time employees who are aged 18 or older and have completed six months of continuous employment. Employees become fully vested in the Plan at the conclusion of four years of employment. Employees may voluntarily contribute to the Plan in an amount not to exceed limitations established by the Internal Revenue Service. The City may make contributions at the discretion of the City Council.

The City's contributions to the Tooele City Employees' 401(k) Plan for the years ending June 30, 2005, 2004, and 2003 were \$293,035, \$242,231, and \$206,253, respectively. Salaries subject to contributions were \$3,669,074, \$3,505,346, and \$3,495,656, for the same years.

17. RESERVED FUND BALANCES, UNRESERVED - DESIGNATED FUND BALANCE, AND RESERVED NET ASSETS

Reserves are used to indicate that a portion of the fund balance is not available for appropriation or expenditure, or is legally segregated for a specific future use. At June 30, 2005, Tooele City's reserved fund balances are as follows:

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals
Reserved for Parks Development	\$ -	\$ -	\$ 358,134	\$ 358,134
Reserved for Capital Projects	-	-	133	133
Reserved for West Loop Road Projects	-	-	-	-
Reserved for U.I.D. Waterline Projects	-	-	-	-
Reserved for Public Safety Development	-	-	477,684	477,684
Reserved for Swimming Pool Projects	-	-	-	-
Reserved for Capital Improvements	-	14,788,315	-	14,788,315
Reserved for Debt Service	2,536,477	-	-	2,536,477
	<u>\$ 2,536,477</u>	<u>\$ 14,788,315</u>	<u>\$ 835,951</u>	<u>\$ 18,160,743</u>

Unreserved fund balances, which have designated purposes at June 30, 2005, are as follows:

	Special Revenue Fund
Designated for capital improvements	\$ (236,521)

Reserved net assets in the Proprietary Funds are as follows:

	Water Fund	Sewer Fund	Totals
Reserved for capital facilities	\$ 3,044,544	\$ (1,290,780)	\$ 1,753,764

Reserved net assets in the fiduciary fund are \$1,258,140, which are reserved for the payment of retirement benefits and other.

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

18. REDEVELOPMENT AGENCIES

In accordance with Utah Code Section 17b-4-1305, the City's Redevelopment Agencies are required to disclose the following information.

A. The collections of tax increment revenue for fiscal year 2005 are as follows:

<u>Project Area</u>	<u>Amount</u>
Depot	\$ 754,529
Industrial Park	63,650
Downtown	198,131
Total	<u>\$ 1,016,310</u>

B. There was no amount of tax increment paid to any taxing agencies during the year.

C. The Agencies had no outstanding debt during the year.

D. The Industrial Park RDA expended \$31,780 for acquisition of real property. There were no funds expended for installation of public utilities or other public improvements. The Agencies expended funds for site improvements and administration during the year. The Downtown RDA spent \$385,841 and the Depot RDA expended \$262,366 for streets and site improvements.

19. DEFICIT FUND BALANCES

The Industrial Park Redevelopment Agency Special Revenue Fund had a deficit fund balance of \$689,560 as of June 30, 2005. The nature of a redevelopment agency is such that the fund balance will remain in a deficit position until incremental tax revenues, to be collected in subsequent years, counter the effect of initial expenditures. It is expected that incremental tax revenues over a seven year period subsequent to June 30, 2005, will reimburse the deficit fund balance in the Redevelopment Agency.

20. PROPRIETARY FUNDS WORKING CAPITAL

	<u>Enterprise Funds</u>			
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Waste Fund</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents	\$ 3,232,344	\$ 75,494	\$ 921,482	\$ 4,229,320
Receivables:				
Accounts-net of allowance for uncollectibles	211,277	349,611	188,224	749,112
Interest	-	-	-	-
Intergovernmental	821,000	-	-	821,000
Prepaid expenses	171,587	149,779	-	321,366
Total current assets	<u>4,436,208</u>	<u>574,884</u>	<u>1,109,706</u>	<u>6,120,798</u>

TOOELE CITY CORPORATION
Notes to Financial Statements (Continued)

20. PROPRIETARY FUNDS WORKING CAPITAL (Continued)

	Enterprise Funds			
	Water Fund	Sewer Fund	Waste Fund	Total
Current liabilities:				
Accounts payable	\$ 158,471	\$ 64,411	\$ 251,571	\$ 474,453
Accrued liabilities	103,097	135,096	-	238,193
Liability for compensated absences	27,473	20,041	-	47,514
Current portion of long-term debt	496,000	576,000	-	1,072,000
Total current liabilities	785,041	795,548	251,571	1,832,160
Net working capital	\$ 3,651,167	\$ (220,664)	\$ 858,135	\$ 4,288,638

21. SUBSEQUENT EVENTS

Subsequent to June 30, 2005, the City entered into an agreement with a company for construction on the "B" avenue waterline project in the approximate amount of \$93,341.

Subsequent to June 30, 2005, the City entered into an agreement with a company for construction on well number eleven in the approximate amount of \$65,339.

Subsequent to June 30, 2005, the City entered into an agreement with a company for the cleanup of homes effected by the Memorial day sewer flood in the approximate amount of \$61,395.

Subsequent to June 30, 2005, the City issued \$7,460,000 lease revenue refunding bonds, series 2005.

Subsequent to June 30, 2005, the City issued \$1,730,000 sales tax revenue bonds, series 2005.

22. LITIGATION

During 2001, the City was served a complaint from neighboring cities regarding the acquisition of the Tooele Army Depot by the Tooele City Depot RDA. The complaint alleges that military closure and properties are to benefit the entire community, not just the City. City's legal counsel represents the claims are unfounded and that proper opportunity was given the other cities to participate, as was required. Management believes that the City will prevail in any action. No accrual for potential liability has been accrued in the financial statements.

The City is a defendant in certain legal actions pending or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the final outcome of the cases will not have an adverse material effect on the City's financial statements.

23. COMMITMENTS AND CONTINGENCIES

During the year, the City entered into an agreement with a local contractor for construction and maintenance of roadway and slurry seal projects. As of June 30, 2005, there was approximately \$126,000 outstanding on the contract.

REQUIRED SUPPLEMENTARY INFORMATION

TOOELE CITY CORPORATION
Condition and Ratings for the City's Road System
For the Year Ended June 30, 2005

As allowed by GASB Statement 34, Tooele City has adopted the modified approach for reporting, where infrastructure assets are not depreciated, and maintenance and preservation costs are expensed. The City capitalizes costs related to new construction or major replacements under the modified approach.

Tooele City's entire Asphalt Pavement road network is approximately 131 center lane miles. The purpose of this report is to document how Tooele City has met all the requirements of the modified approach including:

1. Keeping a current inventory of assets,
2. Doing a condition assessment at least once every three years based on an industry standard or measurement scale,
3. Estimating the annual amount required to maintain and preserve the asset at or above an established level of service, and
4. Documenting that the infrastructure assets are being preserved approximately at, or above, the condition level established by the City.

In 2004, the City hired the Utah Local Technical Assistance Program (LTAP) from Utah State University to update their pavement management program. A complete copy of their report entitled "Analysis and Recommendations for Street Network", May 2004 is available at the Public Works office for review. The following information is based upon the above referenced report.

Inventory of Assets

The LTAP inventory of assets consisted of the following items:

- Designation of functional classification of each street. The three functional classifications identified included residential, minor, and major. UDOT controls two major streets that run through the City (SR-36 and SR-112). These two streets are maintained by UDOT.
- GPS technology was utilized to map the centerline of each street and establish a base reference map for purposes of management. Physical features including width, length, surface type, and drainage provisions were collected. Streets were segmented whenever the street changed with respect to physical features, functional class, or intersection.

The following table summarizes the City's inventory of street by functional classification:

	<u>Major Collector</u>	<u>Minor Collector</u>	<u>Residential</u>
Area (yd2)	\$ 465,531	\$ 419,806	\$ 1,766,245
Percent of Street Network	17.60%	15.80%	66.60%

Less than 0.5% of the City's streets are unpaved.

Condition Assessment

The assessment process utilized by LTAP, and planned for use by the City, is based upon the Strategic Highway Research Program (SHRP) Distress Manual. This process includes analysis of potholes/utility cuts, rutting, transverse cracking, longitudinal cracking, block cracking, edge cracking, and fatigue (alligator) cracking. The severity and extent of each distress type were also cataloged according to established standards.

TOOELE CITY CORPORATION

Condition and Ratings for the City's Road System
For the Year Ended June 30, 2005

Pavement surface conditions were also evaluated for smoothness, drainage rating, and remaining service life, as shown below:

Distribution of Smoothness Ratings

<u>Rating</u>	<u>Percentage of Street Network</u>
Excellent	12.30%
Good	66.00%
Fair	20.10%
Poor	1.60%

Distribution of Pavement Drainage Ratings

<u>Rating</u>	<u>Percentage of Street Network</u>
Excellent	43.60%
Good	36.70%
Fair	15.80%
Poor	3.90%

Distribution of Remaining Service Life (RSL) 2004

<u>RSL</u>	<u>Percentage of Street Network</u>
0	1.90%
1-3	5.40%
4-6	19.30%
7-9	13.60%
10-12	26.80%
13-15	17.70%
16-18	8.50%
19-21	6.80%

The condition assessment will be updated by the Streets Department in compliance with GASB requirements.

TOOELE CITY CORPORATION
 Condition and Ratings for the City's Road System
 For the Year Ended June 30, 2005

Maintenance and Preservation of the Asset

The pavement preservation program upon which the LTAP report is based is one that maintains an estimated RSL of 10 years, with no more than 3% of the street network in terminal serviceability level (i.e. RSL=0). Tooele City's RSL (including monies spent during 2004) is calculated to be 10.44 years, with 3% of the street network at a terminal service level.

LTAP recommends the following maintenance program for the years 2005-2010.

<u>Pavement Preservation Strategies</u>	<u>Percent of Street Network</u>	<u>Funding Distribution</u>
Routing Maintenance	4.00%	\$ 26,371
Preventive Maintenance	7.50%	\$ 205,695
Rehabilitation	2.00%	\$ 200,420
Reconstruction	3.60%	\$ 626,050
Total	17.10%	\$ 1,058,536

Future Maintenance Preservation

Based upon the above distribution, the resulting RSL distribution in 2010 is as follows:

Projected Distribution of Remaining Service Life (RSL) 2010

<u>RSL</u>	<u>Percentage of Street Network</u>
0	1.70%
1-3	3.10%
4-6	2.80%
7-9	12.60%
10-12	30.80%
13-15	33.20%
16-18	15.00%
19-21	0.80%

In order to maintain the RSL of the City's street network, the Public Works Department will request that the maintenance budget for future years be maintained at the above estimated value.

TOOELE CITY CORPORATION
Condition and Ratings for the City's Road System
For the Year Ended June 30, 2005

Over the last five reporting years, the estimated amounts needed and actual expenditures utilized to maintain and preserve the City's road system are as follows (capital expenditures are not included):

<u>YEAR</u>	<u>BUDGET</u>	<u>EXPENDITURES</u>
2001	\$ 4,350,127	\$ 1,619,253
2002	\$ 3,680,918	\$ 1,053,970
2003	\$ 3,129,461	\$ 707,950
2004	\$ 1,241,898	\$ 600,584
2005	\$ 1,975,451	\$ 1,667,381

SUPPLEMENTARY INFORMATION

TOOELE CITY CORPORATION
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2005

	Special Revenue Funds					Capital Projects Funds							Totals June 30, 2005
	Guaranty Fund	Par Tax Fund	Industrial		Downtown Redevelopment Agency	Park Improvements Fund	Capital Projects Fund	West Loop Capital Projects Fund	U.I.D. Fund	Public Safety Capital Projects Fund	Swimming Capital Projects Fund		
			Redevelopment Agency	Park Agency									
ASSETS													
Assets:													
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-	-	-	-	-	-
Receivables:													
Accounts	2,555	47,730	-	-	-	-	-	-	-	-	-	-	50,285
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	35,327	-	-	-	-	-	-	-	-	35,327
Interest receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	48,814	-	-	-	-	-	48,814
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Shop inventory	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted assets:													
Cash and cash equivalents	26,524	24,429	92,664	320,414	368,134	1,319	-	-	-	477,684	-	-	1,311,168
Investments	-	-	117,776	-	-	-	-	-	-	-	-	-	117,776
Total assets	\$ 29,079	\$ 72,159	\$ 210,440	\$ 355,741	\$ 368,134	\$ 50,133	\$ -	\$ 477,684	\$ -	\$ -	\$ -	\$ 1,563,370	\$ -
LIABILITIES AND FUND EQUITY													
Liabilities:													
Accounts payable	\$ -	\$ -	\$ -	\$ 3,496	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,496	\$ -
Accrued liabilities	-	-	-	444	-	-	-	-	-	-	-	444	-
Liability for compensated absences	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	900,000	-	-	50,000	-	-	-	-	-	950,000	-
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities	\$ -	\$ -	\$ 900,000	\$ 3,940	\$ 10,000	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 963,940	\$ -
Fund balances:													
Reserved	29,079	72,159	(689,560)	351,801	368,134	133	-	-	-	477,684	-	835,951	-
Unreserved -- designated	-	-	-	-	-	-	-	-	-	-	-	(236,521)	-
Unreserved -- undesignated	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances (deficit)	\$ 29,079	\$ 72,159	\$ (689,560)	\$ 351,801	\$ 368,134	\$ 133	\$ -	\$ 477,684	\$ -	\$ 477,684	\$ -	\$ 599,430	\$ -
Total liabilities and fund equity	\$ 29,079	\$ 72,159	\$ 210,440	\$ 355,741	\$ 368,134	\$ 50,133	\$ -	\$ 477,684	\$ -	\$ 477,684	\$ -	\$ 1,563,370	\$ -

TOOELE CITY CORPORATION

Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended June 30, 2005

	Special Revenue Funds					Capital Project Funds							Totals June 30, 2005
	Guaranty Fund	Par Tax Fund	Industrial Park Agency	Redevelopment Agency	Downtown Agency	Park Improvements Fund	Capital Projects Fund	West Loop Capital Projects Fund	Waterline Projects Fund	U.I.D. Fund	Public Safety Capital Projects Fund	Swimming Capital Projects Fund	
Revenues:													
Taxes	-	\$ 72,157	\$ 83,850	\$ 198,131	\$ -	-	\$ -	\$ -	\$ -	-	\$ -	-	\$ 333,938
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-	-	48,814	-	-	-	-	-	48,814
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	(18)	2	1,815	13,224	16,878	-	-	-	-	-	9,018	-	40,719
Grants	-	-	-	2,087	-	-	-	-	-	-	-	-	2,087
Impact fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	148,656	-	148,656
Rental income	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	(18)	72,159	85,665	213,442	380,663	-	48,814	-	-	-	157,674	-	937,989
Expenditures:													
General government	-	-	-	-	99,842	-	-	-	-	-	-	-	99,842
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	31,780	483,044	727,903	-	85,086	-	-	-	5,500	-	1,333,313
Grant expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal payment on debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest on debt	-	-	19,080	-	-	-	-	-	-	-	-	-	19,080
Bond issuance costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	-	50,860	562,886	727,903	-	85,086	-	-	-	5,500	-	1,452,235
Excess (deficiency) of revenues over expenditures	(18)	72,159	14,405	(369,444)	(347,240)	-	(36,272)	-	-	-	152,174	-	(514,236)
Other financing sources (uses):													
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	(80,000)	-	34,000	-	-	-	-	-	34,000
Proceeds on sale of assets	-	-	-	-	-	-	-	-	-	-	-	-	(50,000)
Proceeds of issuance of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(50,000)	-	34,000	-	-	-	-	-	(16,000)
Excess (deficiency) of revenues and other sources over expenditures and other use	(18)	72,159	14,405	(369,444)	(397,240)	-	(2,272)	-	-	-	152,174	-	(530,236)
Fund balance (deficit), beginning of year	29,097	-	(703,965)	721,245	755,374	-	2,405	-	-	-	325,510	-	1,129,666
Fund balance (deficit), end of year	\$ 29,079	\$ 72,159	\$ (689,560)	\$ 351,801	\$ 358,134	\$ 133	\$ -	\$ -	\$ -	\$ -	\$ 477,684	\$ -	\$ 599,430

TOOELE CITY CORPORATION

Individual Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual -- General Fund
(Minus MBA and Class 'C' Roads)
For the Fiscal Year Ended June 30, 2005

	General		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes	\$ 7,243,771	\$ 7,665,395	\$ 421,624
Licenses and permits	374,500	442,198	67,698
Intergovernmental revenue	442,832	468,083	25,251
Charges for services	2,149,000	2,300,407	151,407
Fines and forfeitures	127,500	144,603	17,103
Interest income	5,000	28,950	23,950
Grants	-	-	-
Impact fees	-	-	-
Miscellaneous revenues	21,500	50,013	28,513
Rental income	20,000	18,550	(1,450)
Total revenues	<u>10,384,103</u>	<u>11,118,199</u>	<u>734,096</u>
Expenditures:			
General government	2,829,569	2,677,556	152,013
Public safety	3,446,607	3,339,822	106,785
Highways and streets	1,153,105	1,082,511	70,594
Parks and recreation	2,807,155	2,768,604	38,551
Capital outlay	627,136	608,288	18,848
Grant expenditures	-	-	-
Principal payment on debt	60,842	60,842	-
Interest on debt	89,073	89,013	60
Bond Issuance costs	650	550	100
Total expenditures	<u>11,014,137</u>	<u>10,627,186</u>	<u>386,951</u>
Excess (deficiency) of revenues over expenditures	<u>(630,034)</u>	<u>491,013</u>	<u>1,121,047</u>
Other financing sources (uses):			
Operating transfers in	209,249	209,351	102
Operating transfers (out)	(53,650)	(32,754)	20,896
Proceeds on sale of assets	10,000	11,606	1,606
Proceeds of issuance of long-term debt	-	-	-
Total other financing sources (uses)	<u>165,599</u>	<u>188,203</u>	<u>22,604</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(464,435)</u>	<u>679,216</u>	<u>1,143,651</u>
Fund balance -- beginning of year	<u>1,333,446</u>	<u>1,333,446</u>	<u>-</u>
Fund balance -- end of year	<u>\$ 869,011</u>	<u>\$ 2,012,662</u>	<u>\$ 1,143,651</u>

Tooele City Corporation

Individual Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget and Actual – Municipal Building Authority
For the Fiscal Year Ended June 30, 2005

	Municipal Building Authority		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest income	-	1,162	1,162
Grants	-	-	-
Impact fees	-	-	-
Miscellaneous revenues	-	-	-
Rental income	705,585	705,585	-
Total revenues	<u>705,585</u>	<u>706,747</u>	<u>1,162</u>
Expenditures:			
General government	15,000	971	14,029
Public safety	-	-	-
Highways and streets	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	140	(140)
Grant expenditures	-	-	-
Principal payment on debt	254,000	254,000	-
Interest on debt	438,395	439,658	(1,263)
Bond issuance costs	-	-	-
Total expenditures	<u>707,395</u>	<u>694,769</u>	<u>12,626</u>
Excess (deficiency) of revenues over expenditures	<u>(1,810)</u>	<u>11,978</u>	<u>13,788</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Proceeds on sale of assets	-	-	-
Proceeds of issuance of long-term debt	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(1,810)</u>	<u>11,978</u>	<u>13,788</u>
Fund balance – beginning of year	<u>10,444</u>	<u>10,444</u>	<u>-</u>
Fund balance – end of year	<u>\$ 8,634</u>	<u>\$ 22,422</u>	<u>\$ 13,788</u>

TOOELE CITY CORPORATION

Individual Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance -- Budget and Actual -- Class 'C' Road Fund
For the Fiscal Year Ended June 30, 2005

	Class "C" Road		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	1,375,000	1,190,287	(184,713)
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest income	5,000	40,574	35,574
Grants	-	-	-
Impact fees	-	-	-
Miscellaneous revenues	-	-	-
Rental income	-	-	-
Total revenues	<u>1,380,000</u>	<u>1,230,861</u>	<u>(149,139)</u>
Expenditures:			
General government	210,000	292,004	(82,004)
Public safety	-	-	-
Highways and streets	1,165,150	815,466	349,684
Parks and recreation	-	-	-
Capital outlay	-	-	-
Grant expenditures	-	-	-
Principal payment on debt	450,158	450,158	-
Interest on debt	236,732	236,611	121
Bond Issuance costs	1,550	1,600	(50)
Total expenditures	<u>2,063,590</u>	<u>1,795,839</u>	<u>267,751</u>
Excess (deficiency) of revenues over expenditures	<u>(683,590)</u>	<u>(564,978)</u>	<u>118,612</u>
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers (out)	-	-	-
Proceeds on sale of assets	-	21,554	21,554
Proceeds of issuance of long-term debt	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>21,554</u>	<u>21,554</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(683,590)</u>	<u>(543,424)</u>	<u>140,166</u>
Fund balance -- beginning of year	<u>2,469,285</u>	<u>2,469,285</u>	<u>-</u>
Fund balance -- end of year	<u>\$ 1,785,695</u>	<u>\$ 1,925,861</u>	<u>\$ 140,166</u>

TOOELE CITY CORPORATION

Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2005

	Guaranty Fund			Par Tax Fund			Industrial Park Redevelopment Agency		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
Taxes	\$ -	\$ -	\$ -	\$ 75,000	\$ 72,157	\$ (2,843)	\$ 60,000	\$ 63,650	\$ 3,650
Interest income	1,100	(18)	(1,118)	-	2	2	-	1,615	1,615
Grants	-	-	-	-	-	-	-	-	-
Miscellaneous revenues	900	-	(900)	-	-	-	-	-	-
Lease income	-	-	-	-	-	-	-	-	-
Total Revenues	2,000	(18)	(2,018)	75,000	72,159	(2,841)	60,000	65,265	5,265
Expenditures:									
General government	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Other improvements	-	-	-	75,000	-	75,000	31,500	31,780	(280)
Grant expenditures	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	10,000	19,080	(9,080)
Total expenditures	-	-	-	75,000	-	75,000	41,500	50,860	(9,360)
Excess (deficiency) of revenues over expenditures	2,000	(18)	(2,018)	-	72,159	72,159	18,500	14,405	(4,095)
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers (out)	(2,000)	-	2,000	-	-	-	-	-	-
Proceeds on sale of assets	-	-	-	-	-	-	90,000	-	90,000
Total other financing sources (uses)	(2,000)	-	2,000	-	-	-	90,000	-	90,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(18)	(18)	-	72,159	72,159	108,500	14,405	(94,095)
Fund balance (deficit), beginning of year	29,097	29,097	-	-	-	-	(703,965)	(703,965)	-
Fund balance (deficit), end of year	\$ 29,097	\$ 29,079	\$ (18)	\$ -	\$ 72,159	\$ 72,159	\$ (595,465)	\$ (689,560)	\$ (94,095)

TOOELE CITY CORPORATION

Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Continued)
For the Year Ended June 30, 2005

	Downtown Redevelopment Agency			Depot Redevelopment Agency			Totals		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:									
Taxes	\$ 225,000	\$ 198,131	\$ (26,869)	\$ 750,000	\$ 754,529	\$ 4,529	\$ 1,110,000	\$ 1,088,467	\$ (21,533)
Interest income	9,000	13,224	4,224	810,000	854,965	44,965	820,100	869,788	49,688
Grants	-	2,087	2,087	-	-	-	-	2,087	2,087
Miscellaneous revenues	-	-	-	-	-	-	900	-	(900)
Lease income	-	-	-	-	-	-	-	-	-
Total Revenues	234,000	213,442	(20,558)	1,560,000	1,609,494	49,494	1,931,000	1,960,342	29,342
Expenditures:									
General government	72,100	99,842	(27,742)	757,000	696,256	60,744	829,100	796,098	33,002
Highways and streets	-	-	-	-	-	-	-	-	-
Other improvements	627,850	483,044	144,806	2,418,000	1,398,941	1,019,059	3,152,350	1,913,765	1,163,585
Grant expenditures	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	10,000	19,080	(9,080)
Total expenditures	699,950	582,886	117,064	3,175,000	2,095,197	1,079,803	3,991,450	2,728,943	1,187,507
Excess (deficiency) of revenues over expenditures	(465,950)	(369,444)	96,506	(1,615,000)	(485,703)	1,129,297	(2,060,450)	(768,601)	1,219,690
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	(2,000)	-	2,000
Proceeds on sale of assets	-	-	-	-	-	-	90,000	-	90,000
Total other financing sources (uses)	-	-	-	-	-	-	88,000	-	88,000
Excess (deficiency) of revenues and other sources over expenditures and other uses	(465,950)	(369,444)	96,506	(1,615,000)	(485,703)	1,129,297	(1,972,450)	(768,601)	1,203,849
Fund balance (deficit), beginning of year	721,245	721,245	-	15,274,018	15,274,018	-	15,320,395	15,320,395	-
Fund balance (deficit), end of year	\$ 255,295	\$ 351,801	\$ 96,506	\$13,659,018	\$14,788,315	\$ 1,129,297	\$13,347,945	\$ 14,551,794	\$ 1,203,849

TOOELE CITY CORPORATION

Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	Park Improvements Fund			Capital Projects Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 60,000	\$ 48,814	\$ (11,186)
Charges for services	-	-	-	-	-	-
Interest income	8,000	16,878	8,878	-	-	-
Impact fees	371,875	363,785	(8,090)	-	-	-
Miscellaneous revenue	485,275	-	(485,275)	2,500	-	(2,500)
Total revenues	<u>865,150</u>	<u>380,663</u>	<u>(484,487)</u>	<u>62,500</u>	<u>48,814</u>	<u>(13,686)</u>
Expenditures:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Other improvements	815,150	727,903	87,247	119,050	85,086	33,964
Total expenditures	<u>815,150</u>	<u>727,903</u>	<u>87,247</u>	<u>119,050</u>	<u>85,086</u>	<u>33,964</u>
Excess (deficiency) of revenues over expenditures	<u>50,000</u>	<u>(347,240)</u>	<u>(397,240)</u>	<u>(56,550)</u>	<u>(36,272)</u>	<u>20,278</u>
Other financing sources (uses):						
Operating transfers in	-	-	-	56,550	34,000	(22,550)
Operating transfers (out)	(50,000)	(50,000)	-	-	-	-
Proceeds on sale of assets	-	-	-	-	-	-
Proceeds of issuance of long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>56,550</u>	<u>34,000</u>	<u>(22,550)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(397,240)	(397,240)	-	(2,272)	(2,272)
Fund balance, beginning of year	755,374	755,374	-	2,405	2,405	-
Fund balance, end of year	<u>\$ 755,374</u>	<u>\$ 358,134</u>	<u>\$ (397,240)</u>	<u>\$ 2,405</u>	<u>\$ 133</u>	<u>\$ (2,272)</u>

TOOELE CITY CORPORATION

Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	West Loop Capital Projects Fund			U.I.D. Waterline Projects Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Impact fees	-	-	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
Expenditures:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Other improvements	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-
Other financing sources (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-
Proceeds on sale of assets	-	-	-	-	-	-
Proceeds of issuance of long-term debt	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-	-	-	-
Fund balance (deficit), beginning of year	-	-	-	-	-	-
Fund balance (deficit), end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

TOOELE CITY CORPORATION

Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2005

	Public Safety Capital Projects Fund			Swimming Pool Capital Projects Fund			Totals		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:									
Intergovernmental revenues	-	-	\$ -	-	-	\$ -	\$ 60,000	\$ 48,814	\$ (11,186)
Charges for services	-	-	-	-	-	-	-	-	-
Interest income	4,000	9,018	5,018	-	-	-	12,000	25,896	13,896
Impact fees	52,500	148,656	96,156	-	-	-	424,375	512,441	88,066
Miscellaneous revenue	201,884	-	(201,884)	-	-	-	689,659	-	(689,659)
Total revenues	258,384	157,674	(100,710)	-	-	-	1,186,034	587,151	(598,883)
Expenditures:									
General government	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Other improvements	258,384	5,500	252,884	-	-	-	1,192,584	818,489	374,095
Total expenditures	258,384	5,500	252,884	-	-	-	1,192,584	818,489	374,095
Excess (deficiency) of revenues over expenditures	-	152,174	152,174	-	-	-	(6,550)	(231,338)	(224,788)
Other financing sources (uses):									
Operating transfers in	-	-	-	-	-	-	56,550	34,000	(22,550)
Operating transfers (out)	-	-	-	-	-	-	(50,000)	(50,000)	-
Proceeds on sale of assets	-	-	-	-	-	-	-	-	-
Proceeds of issuance of long-term debt	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	6,550	(16,000)	(22,550)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	152,174	152,174	-	-	-	-	(247,338)	(247,338)
Fund balance (deficit), beginning of year	325,510	325,510	-	-	-	-	1,083,289	1,083,289	-
Fund balance (deficit), end of year	\$ 325,510	\$ 477,684	\$ 152,174	\$ -	\$ -	\$ -	\$ 1,083,289	\$ 835,951	\$ (247,338)

TOOELE CITY CORPORATION

Non-Major Proprietary Funds
Combining Statement of Net Assets
June 30, 2005

	Garbage Utility	Storm Water Fund	Totals June 30, 2005
Assets:			
Cash and cash equivalents	\$ 670,340	\$ 251,142	\$ 921,482
Receivables:			
Accounts — net of allowance for uncollectibles	143,432	44,792	188,224
Interest	-	-	-
Intergovernmental	-	-	-
Other	-	-	-
Prepays	-	-	-
Due from other funds	-	-	-
Cash and cash equivalents — restricted	-	-	-
Water stock	-	-	-
Utility plants and equipment — net of depreciation	-	-	-
Total assets	<u>813,772</u>	<u>295,934</u>	<u>1,109,706</u>
Liabilities:			
Accounts payable	128,647	122,924	251,571
Accrued liabilities	-	-	-
Liability for compensated absences	-	-	-
Customer deposits	-	-	-
Retentions payable	-	-	-
Due to other funds	-	-	-
General obligation bonds payable	-	-	-
Revenue bonds payable	-	-	-
Total liabilities	<u>128,647</u>	<u>122,924</u>	<u>251,571</u>
Net assets:			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	685,125	173,010	858,135
Restricted	-	-	-
Total net assets	<u>\$ 685,125</u>	<u>\$ 173,010</u>	<u>\$ 858,135</u>
Total liabilities and net assets	<u>\$ 813,772</u>	<u>\$ 295,934</u>	<u>\$ 1,109,706</u>

TOOELE CITY CORPORATION

Non-Major Proprietary Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets For the Fiscal Year Ended June 30, 2005

	<u>Garbage Utility</u>	<u>Storm Water Fund</u>	<u>Totals June 30, 2005</u>
Operating revenues:			
Utility sales	\$ 1,185,208	\$ 318,576	\$ 1,503,784
Connection fees	-	-	-
Intergovernmental revenues	-	-	-
Miscellaneous	-	-	-
Total operating revenues	<u>1,185,208</u>	<u>318,576</u>	<u>1,503,784</u>
Operating expenditures:			
Personal services	1,687	-	1,687
Contracted services	1,072,109	-	1,072,109
Operations and maintenance	63,927	129,643	193,570
Utilities	-	-	-
Administration	(2,086)	18,010	15,924
Depreciation	-	-	-
Total operating expenses	<u>1,135,637</u>	<u>147,653</u>	<u>1,283,290</u>
Operating income (loss)	<u>49,571</u>	<u>170,923</u>	<u>220,494</u>
Non-operating revenues (expenses):			
Interest income	11,596	2,087	13,683
Interest expense	-	-	-
Amortization of bond issuance costs / discount	-	-	-
Amortization of bond premium	-	-	-
Sale of fixed assets	-	-	-
Impact fees	-	-	-
Total non-operating revenues (expenses)	<u>11,596</u>	<u>2,087</u>	<u>13,683</u>
Change in net assets	61,167	173,010	234,177
Net Assets -- beginning of year	<u>623,958</u>	-	<u>623,958</u>
Net Assets -- end of year	<u>\$ 685,125</u>	<u>\$ 173,010</u>	<u>\$ 858,135</u>

TOOELE CITY CORPORATION

Non-Major Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2005

	Garbage Utility	Storm Water Fund	Totals June 30, 2005
Cash flows provided (used) by operating activities:			
Receipts from customers and users	\$ 1,186,058	\$ 273,784	\$ 1,459,842
Receipts from other governments	-	-	-
Receipts of miscellaneous income	-	-	-
Payments to employees	(1,687)	-	(1,687)
Payments to contractors	(1,072,109)	-	(1,072,109)
Payments for operations and maintenance	(63,927)	(129,643)	(193,570)
Payments for utilities	-	-	-
Payments for administration	66,235	104,914	171,149
Net cash provided (used) by operating activities	114,570	249,055	363,625
Cash flows provided (used) by capital and related financing activities:			
Purchase of capital assets	-	-	-
Proceeds from sale of water rights	-	-	-
Proceeds from water resource grant contribution	-	-	-
Proceeds from sale of land	-	-	-
Proceeds from issuance of bonds	-	-	-
Payment of bond principal	-	-	-
Interest paid	-	-	-
Impact fees	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	-
Cash flows provided (used) by investing activities:			
Interest earned	11,596	2,087	13,683
Net cash provided (used) by investing activities	11,596	2,087	13,683
Net increase (decrease) in cash and cash equivalents	126,166	251,142	377,308
Cash and cash equivalents -- beginning of year	544,174	-	544,174
Cash and cash equivalents -- end of year	\$ 670,340	\$ 251,142	\$ 921,482
Cash flows provided (used) by operating activities:			
Operating income (loss)	\$ 49,571	\$ 170,923	\$ 220,494
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	-	-	-
Loss on disposal of assets	-	-	-
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	850	(44,792)	(43,942)
Interest receivable	-	-	-
Intergovernmental receivable	-	-	-
Prepaid expenses	-	-	-
Water stock	-	-	-
Due from other funds	-	-	-
Increase (decrease) in liabilities:			
Accounts payable	64,149	122,924	187,073
Accrued liabilities	-	-	-
Liability for compensated absences	-	-	-
Customer deposits	-	-	-
Retentions payable	-	-	-
Due to other funds	-	-	-
Net cash provided (used) by operating activities	114,570	249,055	363,625
Represented on the balance sheet as:			
Cash -- unrestricted	\$ 670,340	\$ 251,142	\$ 921,482
Cash -- restricted	-	-	-
	\$ 670,340	\$ 251,142	\$ 921,482
Supplemental disclosures:			
Contributed capital from developers	\$ -	\$ -	\$ -
Contributed capital from federal grants	-	-	-
Total contributed capital	\$ -	\$ -	\$ -

TOOELE CITY CORPORATION

Combining Statement of Changes in Assets and Liabilities - All Agency Funds June 30, 2005

	Balance at beginning of the year	Additions	Deductions	Balance at end of the year
<u>DIRECTOR'S TRUST</u>				
Assets:				
Cash and cash equivalents	\$ 602,155	\$ 238,570	\$ -	\$ 840,725
Investments	-	34,321	-	34,321
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 602,155	\$ 272,891	\$ -	\$ 875,046
Liabilities:				
Accounts payable	\$ 602,155	\$ -	\$ 602,155	\$ -
Due to other governmental units	-	-	-	-
Trust deposits	-	875,046	-	\$ 875,046
Total liabilities	\$ 602,155	\$ 875,046	\$ 602,155	\$ 875,046
<u>TREASURER'S TRUST</u>				
Assets:				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Taxes receivable	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -
Liabilities:				
Due to other governmental units	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and cash equivalents	\$ 602,155	\$ 238,570	\$ -	\$ 840,725
Investments	-	34,321	-	34,321
Accounts receivable	-	-	-	-
Taxes receivable	-	-	-	-
Due from other funds	-	-	-	-
Total assets	\$ 602,155	\$ 272,891	\$ -	\$ 875,046
Liabilities:				
Accounts payable	\$ 602,155	\$ -	\$ 602,155	\$ -
Due to other funds	-	-	-	-
Due to other governmental units	-	-	-	-
Trust deposits	-	875,046	-	875,046
Total liabilities	\$ 602,155	\$ 875,046	\$ 602,155	\$ 875,046



**Haynie &
Company**

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**REPORT ON LEGAL COMPLIANCE APPLICABLE
TO UTAH STATE LAWS AND REGULATIONS**

The Honorable Mayor and
Members of the City Council
Tooele City Corporation:

We have audited the basic financial statements of **Tooele City Corporation** (the City) for the year ended June 30, 2005 and have issued our report thereon dated February 9, 2006. As part of our audit, we have audited **Tooele City Corporation's** compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting, and special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's *Legal Compliance Audit Guide* for the year ended June 30, 2005. The City received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

The City also received the following nonmajor grants that are not required to be audited for specific compliance requirements. However, these programs were subject to test work as part of the audit of **Tooele City Corporation's** basic financial statements:

State of Utah Public Development Grant
State of Utah Library Grant
State of Utah Historical Society Grant

Our audit also included test work on the City's compliance with those general compliance requirements identified in the State of Utah *Legal Compliance Audit Guide*, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Liquor Law Enforcement
B & C Road Funds
Other General Issues
Uniform Building Code Standards
Impact Fees

The management of **Tooele City Corporation** is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, **Tooele City Corporation** complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

Haynie & Co

Salt Lake City, Utah
February 9, 2006

TOOELE CITY CORPORATION

Schedule of Findings - Compliance - State of Utah
For the Year Ended June 30, 2005

CURRENT YEAR FINDINGS

Statement of Condition - 05-1:

As of June 30, 2005, we noted a deficit fund balance in the Industrial Park Redevelopment Agency Special Revenue Fund of \$689,560.

Criteria

City appropriations in the final budgets may not be made for any fund in excess of the estimated expendable revenues for the budget year. In other words, deficits in any fund are illegal, per *Utah Code* 10-6-117(1).

Cause

Over the years, the Industrial Park Redevelopment Agency Special Revenue Fund has spent more money than was in the fund, thus creating a carry-forward deficit in fund balance. No transfer has been made from the General Fund to cure the deficit in fund balance.

Effect

The City is not in compliance with State law.

Recommendation

We recommend that the City retire this deficit fund balance as quickly as possible.

Response

We concur with the auditor's recommendation and will retire the deficit fund balance.

Statement of Condition - 05-2:

We noted that the General Fund balance was not maintained below the maximum 18% requirement of the total General Fund revenues.

Criteria

The General Fund Balance should be maintained below the maximum 18% requirement of the total General Fund revenues, as defined in Section 10-6-116(2) of the *Utah Code*.

Cause

The City has just not ensured that the General Fund balance be maintained below the maximum 18% requirement.

TOOELE CITY CORPORATION

Schedule of Findings - Compliance - State of Utah
For the Year Ended June 30, 2005

Effect

The City is not in compliance with State law.

Recommendation

We recommend that the City maintain the General Fund balance below the maximum 18% requirement.

Response

We concur with the auditor's recommendation and will take corrective action.

Statement of Condition - 05-3:

We noted that the Industrial Park Redevelopment Agency Fund overspent its budget.

Criteria

The Industrial Park Redevelopment Agency Fund should operate within its budget, as required by *Utah Code* Section 10-6-117(1).

Cause

The City is simply not ensuring that the Industrial Park Redevelopment Agency Fund operate within its budget.

Effect

The City is not in compliance with State law.

Recommendation

We recommend that the City operate within the confines of the State by either limiting expenditures to the approved budget or by appropriately adjusting the budget.

Response

We concur with the auditor's recommendation and will take corrective action.

PRIOR YEAR FINDINGS

The City had a deficit fund balance in the Industrial Park Redevelopment Agency Special Revenue Fund, the General Fund balance was not maintained below the maximum 18% requirement of the total General Fund revenues, and the West Loop Capital Projects Fund and the Industrial Park Redevelopment Agency Fund overspent their budget.

SINGLE AUDIT SECTION



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and
Members of the City council
Tooele City Corporation:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Tooele City Corporation (the City) as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 9, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Mayor, City Council, management, the Utah State Auditor, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Haynie & Co

Salt Lake City, Utah
February 9, 2006



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and
Members of the City Council
Tooele City Corporation:

Compliance

We have audited the compliance of **Tooele City Corporation** (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material aspects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Mayor, City Council, management, Utah State Auditor, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Haynie & Co

Salt Lake City, Utah
February 9, 2006

TOOELE CITY CORPORATION
Schedule of Findings and Questioned Costs
For the year ended June 30, 2005

I. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of Tooele City Corporation.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Tooele City were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Tooele City Corporation expresses an unqualified opinion.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. The program tested as a major program was the EPA Surveys, Studies, Investigations and Special Purpose Grants - CFDA #66.606.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Tooele City was determined to be a low-risk auditee.

II. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

III. FINDINGS AND QUESTIONED COSTS - FEDERAL AWARD PROGRAMS

None

TOOELE CITY CORPORATION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005

<u>Grant Name</u>	<u>Federal CFDA Number</u>	<u>Federal Award Contract No.</u>	<u>Expenditures</u>
<u>U.S. Department of Justice</u>			
Project Safe Neighborhoods Task Force Grant	16.609	2003-GP-CX-0531	\$ 27,987
Bullet Proof Vest Grant	N/A	N/A	1,187
Federal Crime Victims Grants (VAWA)	16.588	04-VAWA-28	22,215
Subtotal			<u>51,389</u>
<u>U.S. Department of Homeland Security</u>			
Homeland Security Grant - Police	97.004	DES-2003-ODP1-02	94,856
Homeland Security Grant - Fire	97.004	DES-2003-ODP1-02	96,669
Subtotal			<u>191,525</u>
<u>U.S. Department of Health and Human Services</u>			
Communities That Care Grant	N/A	5R01DA015183	107,574
Subtotal			<u>107,574</u>
<u>Environmental Protection Agency</u>			
*Surveys, Studies, Investigations and Special Purpose Grants	66.606	XP-98875901	821,000
Subtotal			<u>821,000</u>
<u>U.S. Department of Housing and Urban Development</u>			
CDBG - Park Accessibility Improvements Dow James	14.228	B-05-DC-49-0001	50,314
Subtotal			<u>50,314</u>
Total Federal Expenditures			<u>\$ 1,221,802</u>

*Major Program

TOOELE CITY CORPORATION
Notes to Schedule of Expenditures of Federal Awards

1. SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the City's federal award programs and presents transactions that would be included in financial statements of the City on the accrual basis of accounting, as contemplated by generally accepted accounting principles. Federal awards are reported in the City's basic financial statements as grant revenues, except when designated for use in construction of proprietary fund capital assets, in which case they are reported as contributed capital (invested in capital assets).